

# **ANNUAL BUDGET OF MKHAMBATHINI MUNICIPALITY**



## **2016/17 TO 2018/19 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS**

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**Abbreviations and Acronyms**

ASGISA	Accelerated and Shared Growth Initiative	M	Mayor
BPC	Budget Planning Committee	MBRR	Municipal Budget & Reporting Regulations
CFO	Chief Financial Officer	MEC	Member of the Executive Committee
CM	Municipality Manager	MFMA	Municipal Financial Management Act
CPI	Consumer Price Index	MIG	Municipal Infrastructure Grant
CRRF	Capital Replacement Reserve Fund	MPRA	Municipal Properties Rates Act
DBSA	Development Bank of South Africa	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
DWA	Department of Water Affairs	MTREF	Medium-term Revenue and Expenditure Framework
EE	Employment Equity	NERSA	National Electricity Regulator South Africa
EEDSM	Energy Efficiency Demand Side Management	NGO	Non-Governmental Organisations
FBS	Free basic services	NKPIs	National Key Performance Indicators
GAMAP	Generally Accepted Municipal Accounting Practice	OHS	Occupational Health and Safety
GDP	Gross Domestic Product	OP	Operational Plan
GDS	Gauteng Growth and Development Strategy	PBO	Public Benefit Organisations
GFS	Government Financial Statistics	PHC	Provincial Health Care
GRAP	General Recognised Accounting Practice	PMS	Performance Management System
HR	Human Resources	PPE	Property Plant and Equipment
HSRC	Human Science Research Council	PPP	Public Private Partnership
IDP	Integrated Development Plan	PTIS	Public Transport Infrastructure System
IT	Information Technology	RG	Restructuring Grant
kℓ	kilolitre	RSC	Regional Services Council
km	kilometre	SALGA	South African Local Government Association
KPA	Key Performance Area	SAPS	South African Police Service
KPI	Key Performance Indicator	SDBIP	Service Delivery Budget Implementation Plan
kWh	kilowatt hour	SMME	Small Micro and Medium Enterprises
ℓ	litre		
LED	Local Economic Development		

## **Part 1 – Annual Budget**

### **1.1 Mayor's Report**

#### **SPEECH BY THE MAYOR OF MKHAMBATHINI MUNICIPALITY**

**CLLR T.E MAPHUMALO PRESENTED TO THE MUNICIPAL COUNCIL ON THE OCCASION OF  
THE TABLING OF THE 2016/2017, 2017/2018 and 2018/2019 DRAFT BUDGET IN THE  
COUNCIL CHAMBERS, CAMPERDOWN,  
ON TUESDAY 29 MARCH 2016**

Speaker,  
Executive Committee Members,  
Councillors,  
Municipal Manager,  
Managers,  
Chief Financial Officer,  
Staff,  
Members of the media if any are present and Public,  
Ladies and Gentlemen.

It is a great honour to present to you the multi-year budget for MKHAMBATHINI Municipality in respect of the 2016/17, 2017/18 and 2018/19 financial years.

Speaker and members of Council, this multi-year budget is tabled in terms of the Municipal Finance Management Act (MFMA), No 56 of 2003 and in terms of the Municipal Budget & Reporting Regulations. The MFMA requires that the budget be tabled ninety (90) days before the start of the financial year and we are fully complying with this requirement. It is the intention to have this budget finally approved on 24 May 2016 which will be in compliance of the requirements of the MFMA.

Inflation is forecast to remain within the target range of 6.6 to 5.9 percent. Per MFMA circulars 78 & 79 .This was taken into account when the budget was compiled.

Cognisance should be taken that the SALGA recently entered into a three-year salary and Wage collective agreement for the period 1 July 2015 to 30 Jun 2018. The agreement reached is as follows:

- 2015/2016 financial year – 7 per cent
- 2016/2017 financial year – average CPI ( Feb 2015 – Jan 2016 ) +1 per cent
- 2017/2018 financial year – average CPI ( Feb 2016 – Jan 2017 ) +1 per cent

Speaker, Council's Plan (IDP) to inform the 2016/17 financial year's budget was also tabled to Council today. I am pleased to announce that this draft budget is aligned to the draft revised IDP. Due to the current financial situation of MKHAMBATHINI Municipality we can only fund capital projects through the Municipal Infrastructure Grant which amounts to R 15 626 million as well as complete the projects from 2015/2016 year.

### **Governance**

The Internal Audit Activity stills operate as an outsourced Internal Audit Services which has been running for almost 2 years this is an indication of a commitment in promoting good governance. Internal Audit Activity has formed a working relationship with the Provincial Internal Audit Unit and National Treasury Risk and Internal Audit Support Unit for skills and resources sharing and to strengthen the Internal Audit Activities operations. A risk based audit plan has been developed and systems of internal control were tested to effectively monitor the vulnerability of operations within the municipality. Internal Audit also meets on a regular basis as well MPAC.

MKHAMBATHINI Municipality Youth Advisory Centre continues to service the youth who are seeking advice on careers, receiving vouchers for small businesses, life skills, and basic computer skills. The centre of gender issues also resides in the youth development office.

### **Housing**

Speaker, we have 4 housing projects within the MKHAMBATHINI Municipality. To date, 2394 low income houses have been constructed. These include areas such as Mbambangalo, Maqongqo, Kwa Njobokazi and Kwa Mahleka. Furthermore, there are projects that are in the planning and packaging stage, which include Stockdale, Poortjie and Ward 7 Rural Housing

## **Property Rates**

- The new general valuation roll came into effect on 1 July 2014. A Supplementary valuation roll has been received and is going to be advertised for comment in April 2016 for comment before being implemented. The Rates Policy has been amended to make provision for the changes in the amendments to the Property rates act and regulations.
- There will be rates exemption up to R300 000 of the valuation for residential properties in 2016/17 as granted in the previous years.

I must mention Speaker, that after this meeting, the municipality will have public participation process to showcase the IDP and Budget and to share with our people different views on what I am about to table to this Council.

## **Back to basics**

Speaker , we all aware of the concept of Back to basics and the importance of implementing a back to basic plan. We are fortunate that through the COGTA assessment, Mkhambathini Municipality was found to be functional, but we must still make every effort to improve on upholding the 5 pillars of the Back to Basics concept and improve the lives of our citizens. We continue to align ourselves to the programmes rolled out by National and Provincial Government. We have provided an amount in our budget to deal with some priorities of Back to basics.

## **MSCOA**

Speaker , Local Government has seen many reforms since the Implementation of the Municipal Management Finance Act over the years. Recently National Treasury has commenced with the roll out of programmes to implement the Municipal standard chart of accounts – Mscoa. Today on the Council agenda is an item which speaks to the Implementation of Mscoa, together with the implementation plan and progress made to date. A lot more needs to be done to implement this new reform by March 2017. This means that the next Draft Budget that must be tabled in in March 2017 must be in the Mscoa format. Implementation date is 1 July 2017. Funding for implementation Mscoa is from the Financial Management Grant and Municipal System Improvement Grant and own funding.

## **Current Economic Conditions and Funding**

Speaker, as you are aware, the Country is experiencing harsh economic times and is experiencing a severe drought. As a result of this, food prices and other essential commodities are rising rapidly. This prompted National and Provincial Government to introduce cost cutting and saving measures in order to deliver services and sacrifice



effectively. As the result of this funding to Local Government has been being reduced. Grant funding has been reduced and affects, Equitable Share and MIG. The Municipal Systems Improvement Grant has been totally withdrawn for the next year and 2 outer years allocation. The may be allocated through COGTA to supplement the Back to Basic Programme. The effect of Governments austerity measures, has placed the Municipal budget under pressure and the Municipality has also embarked on cost saving measures and introduced them in this budget. Prudent Financial Management and constant monitoring of the budget must take place during the year through in year monitoring.

I THANK YOU

## **1.2 Council Resolutions**

On 29 March 2016 the Council of Mkhambathini Municipality Local Municipality met in the Council Chambers of Mkhambathini Municipality to consider the annual budget of the municipality for the financial year 2015/16. The Council approved and adopted the following resolutions:

1. That in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the annual budget of Mkhambathini Municipality for the financial year 2016/2017 and indicative allocations for the two projected outer years 2017/2018 and 2018/2019, and the multi-year and single year capital appropriations are approved as set out in the following tables:

1.1 Budgeted Financial Performance (revenue & expenditure by standard classification)

1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote)

1.3 Budgeted Financial Performance (revenue by source and expenditure by type)

1.4 Single year capital appropriations by municipal vote and standard classification and associated funding by source

2. That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set out in the following tables

2.1 Budgeted Financial Position

2.2 Budgeted Cash Flows

2.3 Cash backed reserves and accumulated surplus reconciliation

2.4 Asset Management

2.5 Basic service delivery measurement

3. That in terms of section 24(2)(c)(i) and (ii) of the Municipal Finance Management Act, 56 of 2003 and sections 74 and 75A of the Local Government: Municipal Systems Act, Act 32 of 2000 as amended all other tariffs as set out in Other Supporting Documents be approved with effect from 1 July 2016.
4. That in terms of section 5 of the Municipal Property Rates Act, 6 of 2004, the rates policy as amended be approved
5. That in terms of section 24(2)(c)(v) of the Municipal Finance Management Act, 56 of 2003 the various budget-related policies as amended be approved.
6. That in terms of section 14 of the Municipal Property Rates Act, 6 of 2004 the rate randage and conditions as set out in Other Supporting Documents be approved be approved with effect from 1 July 2016
7. That in terms of section 24(2)(c)(ii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework be approved
8. That the salaries, wages and allowances of all employees be increased in accordance with the multi-year SALGBC wage agreement with effect from 1 July 2016 by 6.11%.

### **1.3 Executive Summary**

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainable, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non-core and 'nice to have' items. Key areas where savings were realized were on telephone and internet usage, printing, workshops, travel, accommodation, and catering.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by ratepayers. In addition to supplementing the declining revenue base, and reduction in grant funding the Municipality has introduced a refuse tariff to areas within the Municipality which refuse is being collected. The tariff which is being introduced will be reviewed during the course of the year to ensure that it is cost reflective and sustainable.

National Treasury's MFMA No. 78 & 79 were used to guide the compilation of the 2016/17 MTREF.

The main challenges experienced during the compilation of the 2016/17 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and limited cash position of the municipality;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – allocations had to be reduced to grant funded projects and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2016/17 MTREF process; and
- The implementation of a sustainable refuse tariff

The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:

- The 2015/16 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2015/16 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CP.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2016/17 MTREF**

Description	Adjusted Budget 2015-2016	Budget 2016-2017	Budget 2017-2018	Budget 2018-2019
Total Operating Revenue	78,358,347	85,100,308	86,085,676	88,734,259
Total Operating Expenditure	74,230,513	81,933,597	84,466,569	86,605,326
Surplus/(Deficit)	4,127,834	3,166,711	1,619,106	2,128,932
Total Capital Expenditure	19,301,000	19,126,000	18,140,000	18,847,000

Total operating revenue has increased by 8.6 per cent or R 6, 741 million for the 2016/17 financial year when compared to the 2015/16 Adjustments Budget. For the two outer years, operational revenue will increase by R 985 368 and increase by R 2,648 equating to a total revenue growth of R10,375 million over the MTREF when compared to the 2015/16 financial year.

Total operating expenditure for the 2016/17 financial year has been appropriated at R81,933 million and translates into a budgeted surplus of R 3,166 million. When compared to the 2015/16 Adjustments Budget, operational expenditure has increased by 10.38 per cent in the 2016/17 budget and increased by 3.09 and decreased by 2.5 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years is R 1,619 million and R 2.128 million respectively. These surpluses are arrived at after taking in account cash items in and funding of capital projects from own funding.

The capital budget of R million for 2016/17 is 1 per cent more when compared to the 2015/16 Adjustment Budget. The increase is due to various projects being funded from own funding after taking into account affordability constraints in the light of current economic circumstances. Only capital projects funded through the Municipal Infrastructure Grant is included in the 2016/17 capital budget and a portion of essential expenditure. The capital programme increases to R18,400 million in the 2017/18 financial year and then increases to R18,847 million in 2018/19.

## 1.4 Operating Revenue Framework

For Mkhambathini Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges over the next two financial years.
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

KZN226 Mkhambathini - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue By Source</b>											
Property rates	2	6,722	7,038	11,588	11,454	11,454	11,454	11,454	12,454	13,176	13,941
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	500	529	560
Service charges - other											
Rental of facilities and equipment											
Interest earned - external investments		730	731	832	800	1,526	1,526	1,526	1,650	1,746	1,847
Interest earned - outstanding debtors		350	148	1,179	1,272	1,272	1,272	1,272	1,176	1,244	1,316
Dividends received				-							
Fines		34	34	32	41	41	41	41	70	74	78
Licences and permits		3,183	3,543	3,946	4,873	3,576	3,576	3,576	3,923	4,150	4,391
Agency services				-							
Transfers recognised - operational		34,659	33,306	47,283	65,873	60,106	60,106	60,106	64,525	64,317	65,703
Other revenue	2	371	406	410	384	384	384	384	803	849	898
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>46,049</b>	<b>45,207</b>	<b>65,270</b>	<b>84,697</b>	<b>78,358</b>	<b>78,358</b>	<b>78,358</b>	<b>85,101</b>	<b>86,086</b>	<b>88,734</b>

**Table 3 Percentage growth in revenue by main revenue source**

Description	2016/17 Medium Term Revenue & Expenditure Framework					
	Estimated Actual to June 2016	Budget Year 2016/17	Increase	Budget Year 2017/18	Increase	Budget Year 2018/19
<b>Revenue By Source</b>						
Property rates	11,749	12,454	6%	13,176	6%	13,941
Service Charges -refuse revenue	-	500		529	6%	560
Interest earned - external investments	1,526	1,650	8.12%	1,746	6%	1,847
Interest earned - outstanding debtors	1,272	1,176	7.54%	1,244	6%	1,316
Fines	41	70	70%	74	6%	78
Licences and permits	3,576	3,923	9.07%	4,150	6%	4,391
Transfers recognised - operational	60,106	64,525	7.35%	64,317	0%	65,703
Other revenue	384	803	109.00%	849	6%	898
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>78,653</b>	<b>85,101</b>	<b>0</b>	<b>86,085</b>	<b>0</b>	<b>88,735</b>

Revenue generated from rates forms a minor part of income generated by the Municipality. The majority of Municipal revenue come from equitable share. Operating Grants & Subsidies are also a source.

**Table 4 Operating Transfers and Grant Receipts**

**KZN226 Mkhambathini - Supporting Table SA18 Transfers and grant receipts**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		37,480	36,123	50,062	65,129	58,862	58,862	63,261	62,999	64,328
Local Government Equitable Share		28,180	32,583	39,424	51,341	51,341	51,341	50,183	51,099	54,184
Finance Management		1,500	1,650	1,815	1,800	1,800	1,800	1,825	1,900	2,144
Municipal Systems Improvement		800	890	943	930	930	930	–	–	–
Integrated National Electrification Programme		7,000	–	6,748	10,000	2,000	2,000	10,000	10,000	8,000
EPWP Incentive			1,000	1,132	1,058	1,058	1,058	1,253	–	–
Roll Over - Electrification						1,733	1,733			
<b>Provincial Government:</b>		451	653	681	744	1,244	1,244	1,264	1,318	1,375
Sport and Recreation		150								
Library Grants		301	653	681	744	1,244	1,244	1,264	1,318	1,375
<b>District Municipality:</b>		–	–	–	–	–	–	–	–	–
[insert description]										
<b>Other grant providers:</b>		–	–	–	–	–	–	–	–	–
[insert description]										
<b>Total Operating Transfers and Grants</b>	5	37,931	36,776	50,743	65,873	60,106	60,106	64,525	64,317	65,703

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

#### **1.4.1 Property Rates**

Property rates cover the cost of the provision of general services and repairs and maintenance. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circulars No.58 and 59 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

**Table 5 MBRR Table SA14 – Household bills****KZN226 Mkhambathini - Supporting Table SA14 Household bills**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Rand/cent</b>											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
<b>Rates and services charges:</b>											
Property rates		407.00	431.00	560.00	593.00	593.00	593.00	6.0%	628.58	665.04	703.61
Electricity : Basic levy											
Electricity : Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
<b>sub-total</b>		407.00	431.00	560.00	593.00	593.00	593.00	6.0%	628.58	665.04	703.61
VAT on Services											
<b>Total large household bill:</b>		407.00	431.00	560.00	593.00	593.00	593.00	6.0%	628.58	665.04	703.61
<b>% increase/-decrease</b>			5.9%	29.9%	5.9%	-	-		6.0%	5.8%	5.8%
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
<b>Rates and services charges:</b>											
Property rates									451	477	505
Electricity : Basic levy											
Electricity : Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
<b>sub-total</b>		-	-	-	-	-	-	-	451.25	477.42	505.11
VAT on Services											
<b>Total small household bill:</b>		-	-	-	-	-	-	-	451.25	477.42	505.11
<b>% increase/-decrease</b>			-	-	-	-	-		-	5.8%	5.8%
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>	3										
<b>Rates and services charges:</b>											
Property rates		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Electricity : Basic levy		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Electricity : Consumption		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Water: Basic levy		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Water: Consumption		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sanitation		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Refuse removal		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other											
<b>sub-total</b>		-	-	-	-	-	-	-	-	-	-
VAT on Services											
<b>Total small household bill:</b>		-	-	-	-	-	-	-	-	-	-
<b>% increase/-decrease</b>			-	-	-	-	-		-	-	-



## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

<b>Expenditure By Type</b>											
Employee related costs	2	17,524	20,388	21,411	25,752	25,752	25,752	25,752	27,915	29,534	31,247
Remuneration of councillors		3,869	4,123	4,492	4,800	4,800	4,800	4,800	5,088	5,383	5,695
Debt impairment	3	602	1,765	2,258	800	800	800	800	700	700	700
Depreciation & asset impairment	2	3,572	4,039	6,772	4,700	4,700	4,700	4,700	4,800	5,078	5,373
Finance charges		107	34	16	140	-	-	-	184	195	206
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		286	-	-	-	-	-	-	-	-	-
Transfers and grants		7,197	8,808	7,734	-	-	-	-	-	-	-
Other expenditure	4, 5	13,056	13,763	15,462	38,179	38,179	38,179	38,179	43,246	43,576	43,384
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>46,212</b>	<b>52,921</b>	<b>58,146</b>	<b>74,371</b>	<b>74,231</b>	<b>74,231</b>	<b>74,231</b>	<b>81,933</b>	<b>84,467</b>	<b>86,605</b>
<b>Surplus/(Deficit)</b>		<b>(163)</b>	<b>(7,714)</b>	<b>7,124</b>	<b>10,327</b>	<b>4,128</b>	<b>4,128</b>	<b>4,128</b>	<b>3,168</b>	<b>1,619</b>	<b>2,129</b>
Transfers recognised - capital		11,792	15,626	18,057	16,851	16,851	16,851	16,851	15,626	16,360	17,067
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>11,629</b>	<b>7,912</b>	<b>25,181</b>	<b>27,178</b>	<b>20,979</b>	<b>20,979</b>	<b>20,979</b>	<b>18,794</b>	<b>17,979</b>	<b>19,196</b>
Taxation		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>11,629</b>	<b>7,912</b>	<b>25,181</b>	<b>27,178</b>	<b>20,979</b>	<b>20,979</b>	<b>20,979</b>	<b>18,794</b>	<b>17,979</b>	<b>19,196</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>11,629</b>	<b>7,912</b>	<b>25,181</b>	<b>27,178</b>	<b>20,979</b>	<b>20,979</b>	<b>20,979</b>	<b>18,794</b>	<b>17,979</b>	<b>19,196</b>
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>11,629</b>	<b>7,912</b>	<b>25,181</b>	<b>27,178</b>	<b>20,979</b>	<b>20,979</b>	<b>20,979</b>	<b>18,794</b>	<b>17,979</b>	<b>19,196</b>

**Table 6 Summary of operating expenditure by standard classification item**

The budgeted allocation for employee related costs for the 2016/17 financial year totals R27.915 million, which equals 34 per cent of the total operating expenditure. Salary increases have been factored into this budget at a percentage increase of 6.11 per cent for the 2016/17 financial year. An annual increase of 6 % is applied to the 2016/17 year and 5.8 per cent has

been included in the two outer years of the MTREF to be conservative and implement cost cutting measures. Circular 79 revised this targets to 6.6% 2016/2017 and 6.2% and 5.9% respectively for the outer years. The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 70 per cent and the Debt Write-off Policy of the Municipality. For the 2016/17 financial year this amount equates to R700 000. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R5 million for the 2016/17 financial and equates to 5.85 per cent of the total operating expenditure.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 6 per cent for 2016/17 and curbed at 5.8 per cent for the two outer years, indicating that significant cost savings have been already realised.

### **1.5.1 Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2016/17 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance

**Table 7 Operational repairs and maintenance**

KZN226 Mkhambathini - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Repairs and maintenance expenditure by Asset Class/Sub-class												
Infrastructure			480	1,060	150	2,800	2,000	2,000	2,600	2,751	2,910	
Infrastructure - Road transport			480	1,060	150	2,800	2,000	2,000	2,600	2,751	2,910	
Roads, Pavements & Bridges			480	1,060	150	2,800	2,000	2,000	2,600	2,751	2,910	
Storm water												
Infrastructure - Electricity			-	-	-	-	-	-	-	-	-	
Generation												
Transmission & Reticulation												
Street Lighting												
Infrastructure - Water			-	-	-	-	-	-	-	-	-	
Dams & Reservoirs												
Water purification												
Reticulation												
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-	
Reticulation												
Sewerage purification												
Infrastructure - Other			-	-	-	-	-	-	-	-	-	
Waste Management												
Transportation												
Gas												
Other												
Community			-	1,060	1,500	1,500	1,500	1,500	1,400	1,481	1,567	
Parks & gardens												
Sportsfields & stadia												
Swimming pools												
Community halls					1,500	1,500	1,500	1,500	1,400	1,481	1,567	
Libraries												
Recreational facilities												
Fire, safety & emergency												
Security and policing												
Buses												
Clinics												
Museums & Art Galleries												
Cemeteries												
Social rental housing												
Other				1,060								
Heritage assets			-	-	-	-	-	-	-	-	-	
Buildings												
Other												
Investment properties			-	-	-	-	-	-	-	-	-	
Housing development												
Other												
Other assets			85	339	570	3,450	2,250	2,250	2,350	2,486	2,631	
General vehicles					150	600	600	600	600	635	672	
Specialised vehicles			-	-	-	-	-	-	-	-	-	
Plant & equipment			20	21	100	500	200	200	300	317	336	
Computers - hardware/equipment						250	150	150	150	159	168	
Furniture and other office equipment												
Abattoirs												
Markets												
Civic Land and Buildings						1,600	800	800	700	741	784	
Other Buildings			65	318								
Other Land												
Surplus Assets - (Investment or Inventory)												
Other					320	500	500	500	600	635	672	
Agricultural assets			-	-	-	-	-	-	-	-	-	
List sub-class												
Biological assets			-	-	-	-	-	-	-	-	-	
List sub-class												
Intangibles			-	-	-	-	-	-	-	-	-	
Computers - software & programming												
Other (list sub-class)												
Total Repairs and Maintenance Expenditure			1	565	2,459	2,220	7,750	5,750	5,750	6,350	6,718	7,108

## 1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act. And takes the form of social relief for the family of deceased persons who are destitute without income.

## 1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 8 2016/17 Medium-term capital budget per vote**

KZN226 Mkhambathini - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		584	1,500	35	2,450	1,450	1,450	1,450	1,620	420	420
Executive and council				35	1,200	200	200	200	1,340	140	140
Budget and treasury office		584	1,500						140	140	140
Corporate services					1,250	1,250	1,250	1,250	140	140	140
<b>Community and public safety</b>		6,928	-	630	-	-	-	-	240	220	220
Community and social services		6,928	-	630					240	220	220
Sport and recreation											
Public safety											
Housing											
Health											
<b>Economic and environmental services</b>		4,423	16,427	12,139	16,851	17,851	17,851	17,851	17,266	17,500	18,207
Planning and development											
Road transport		4,423	16,427	12,139	16,851	17,851	17,851	17,851	17,266	17,500	18,207
Environmental protection											
<b>Trading services</b>		-	-	-	-	-	-	-	-	-	-
Electricity											
Water											
Waste water management											
Waste management											
<b>Other</b>											
<b>Total Capital Expenditure - Standard</b>	3	11,934	17,927	12,804	19,301	19,301	19,301	19,301	19,126	18,140	18,847
<b>Funded by:</b>											
National Government		11,934	14,427	12,139	16,851	16,851	16,851	16,851	15,626	16,360	17,067
Provincial Government											
District Municipality											
Other transfers and grants											
<b>Transfers recognised - capital</b>	4	11,934	14,427	12,139	16,851	16,851	16,851	16,851	15,626	16,360	17,067
<b>Public contributions &amp; donations</b>	5										
<b>Borrowing</b>	6										
<b>Internally generated funds</b>			3,500	665	2,450	2,450	2,450	2,450	3,500	1,780	1,780
<b>Total Capital Funding</b>	7	11,934	17,927	12,804	19,301	19,301	19,301	19,301	19,126	18,140	18,847

For 2016/17 an amount of R15.6 million has been appropriated for the development of infrastructure. In the outer years this amount totals R16.3 million, and R17.0 million, respectively for each of the financial years.

#### Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

**Table 9 MBRR Table A1 - Budget Summary****KZN226 Mkhambathini - Table A1 Budget Summary**

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	6,722	7,038	11,588	11,454	11,454	11,454	11,454	12,454	13,176	13,941
Service charges	–	–	–	–	–	–	–	500	529	560
Investment revenue	730	731	832	800	1,526	1,526	1,526	1,650	1,746	1,847
Transfers recognised - operational	34,659	33,306	47,283	65,873	60,106	60,106	60,106	64,525	64,317	65,703
Other own revenue	3,937	4,131	5,566	6,570	5,273	5,273	5,273	5,972	6,318	6,684
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>46,049</b>	<b>45,207</b>	<b>65,270</b>	<b>84,697</b>	<b>78,358</b>	<b>78,358</b>	<b>78,358</b>	<b>85,101</b>	<b>86,086</b>	<b>88,734</b>
Employee costs	17,524	20,388	21,411	25,752	25,752	25,752	25,752	27,915	29,534	31,247
Remuneration of councillors	3,869	4,123	4,492	4,800	4,800	4,800	4,800	5,088	5,383	5,695
Depreciation & asset impairment	3,572	4,039	6,772	4,700	4,700	4,700	4,700	4,800	5,078	5,373
Finance charges	107	34	16	140	–	–	–	184	195	206
Materials and bulk purchases	–	–	–	–	–	–	–	–	–	–
Transfers and grants	7,197	8,808	7,734	–	–	–	–	–	–	–
Other expenditure	13,943	15,528	17,720	38,979	38,979	38,979	38,979	43,946	44,276	44,084
<b>Total Expenditure</b>	<b>46,212</b>	<b>52,921</b>	<b>58,146</b>	<b>74,371</b>	<b>74,231</b>	<b>74,231</b>	<b>74,231</b>	<b>81,933</b>	<b>84,467</b>	<b>86,605</b>
<b>Surplus/(Deficit)</b>	<b>(163)</b>	<b>(7,714)</b>	<b>7,124</b>	<b>10,327</b>	<b>4,128</b>	<b>4,128</b>	<b>4,128</b>	<b>3,168</b>	<b>1,619</b>	<b>2,129</b>
Transfers recognised - capital	11,792	15,626	18,057	16,851	16,851	16,851	16,851	15,626	16,360	17,067
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>11,629</b>	<b>7,912</b>	<b>25,181</b>	<b>27,178</b>	<b>20,979</b>	<b>20,979</b>	<b>20,979</b>	<b>18,794</b>	<b>17,979</b>	<b>19,196</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>11,629</b>	<b>7,912</b>	<b>25,181</b>	<b>27,178</b>	<b>20,979</b>	<b>20,979</b>	<b>20,979</b>	<b>18,794</b>	<b>17,979</b>	<b>19,196</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>11,934</b>	<b>17,927</b>	<b>12,804</b>	<b>19,301</b>	<b>19,301</b>	<b>19,301</b>	<b>19,301</b>	<b>19,126</b>	<b>18,140</b>	<b>18,847</b>
Transfers recognised - capital	11,934	14,427	12,139	16,851	16,851	16,851	16,851	15,626	16,360	17,067
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	3,500	665	2,450	2,450	2,450	2,450	3,500	1,780	1,780
<b>Total sources of capital funds</b>	<b>11,934</b>	<b>17,927</b>	<b>12,804</b>	<b>19,301</b>	<b>19,301</b>	<b>19,301</b>	<b>19,301</b>	<b>19,126</b>	<b>18,140</b>	<b>18,847</b>
<b>Financial position</b>										
Total current assets	23,762	10,482	25,348	20,500	30,878	30,878	30,878	20,410	18,350	17,350
Total non current assets	65,572	81,107	99,787	109,106	113,199	113,199	114,339	133,465	146,527	160,001
Total current liabilities	14,726	8,687	13,158	4,791	4,791	4,791	4,791	4,019	5,000	5,000
Total non current liabilities	1,329	1,865	2,200	–	–	–	–	–	–	–
Community wealth/Equity	73,279	81,037	109,777	124,815	139,285	139,285	140,426	147,856	159,877	172,351
<b>Cash flows</b>										
Net cash from (used) operating	19,799	6,376	30,035	19,764	22,822	22,822	22,822	24,294	23,758	25,269
Net cash from (used) investing	(12,369)	(19,069)	(20,992)	(19,301)	(19,301)	(19,301)	(19,301)	(19,126)	(18,140)	(18,847)
Net cash from (used) financing	1	–	–	–	–	–	–	–	–	–
<b>Cash/cash equivalents at the year end</b>	<b>18,264</b>	<b>5,571</b>	<b>14,613</b>	<b>6,034</b>	<b>9,555</b>	<b>9,092</b>	<b>9,092</b>	<b>23,303</b>	<b>28,920</b>	<b>35,342</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	18,263	5,571	14,614	17,000	21,500	21,500	21,500	14,000	14,000	14,000
Application of cash and investments	4,826	3,320	5,678	377	(4,577)	(4,577)	(4,577)	(2,625)	(693)	245
<b>Balance - surplus (shortfall)</b>	<b>13,437</b>	<b>2,251</b>	<b>8,936</b>	<b>16,623</b>	<b>26,077</b>	<b>26,077</b>	<b>26,077</b>	<b>16,625</b>	<b>14,693</b>	<b>13,755</b>
<b>Asset management</b>										
Asset register summary (WDV)	65,013	1,503	36,673	20,409	24,502	24,502	20,877	20,877	21,611	22,318
Depreciation & asset impairment	3,572	4,039	6,772	4,700	4,700	4,700	4,800	4,800	5,078	5,373
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	565	2,459	2,220	7,750	5,750	5,750	6,350	6,350	6,718	7,108
<b>Free services</b>										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	1,132	2,587	2,656	1,537	1,537	1,537	1,537	1,537	1,457	1,542
<b>Households below minimum service level</b>										
Water:	1	1	1	1	1	1	1	1	1	–
Sanitation/sew erage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	0	0	0	0	0	0	0	0	0	–

### **Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2017/18, when a small surplus is reflected.

**Table 10 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)****KZN226 Mkhambathini - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)**

Standard Classification Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue - Standard</b>											
<b>Governance and administration</b>			38,092	43,431	47,706	78,774	78,774	78,774	67,692	69,593	73,884
Executive and council			-	-	1,132	1,058	1,058	1,058	-	-	-
Budget and treasury office			37,543	42,481	45,640	76,786	76,786	76,786	67,692	69,593	73,884
Corporate services			549	950	934	930	930	930	-	-	-
<b>Community and public safety</b>			312	505	684	818	818	818	2,536	1,337	1,396
Community and social services			312	505	684	818	818	818	2,536	1,337	1,396
Sport and recreation			-	-	-	-	-	-	-	-	-
Public safety			-	-	-	-	-	-	-	-	-
Housing			-	-	-	-	-	-	-	-	-
Health			-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>			5,314	3,338	19,786	21,955	21,955	21,955	4,372	4,626	4,894
Planning and development			2,376	211	223	231	231	231	449	475	503
Road transport			2,938	3,127	19,562	21,724	21,724	21,724	3,923	4,150	4,391
Environmental protection			-	-	-	-	-	-	-	-	-
<b>Trading services</b>			-	-	-	-	-	-	10,500	10,529	8,560
Electricity			-	-	-	-	-	-	10,000	10,000	8,000
Water			-	-	-	-	-	-	-	-	-
Waste water management			-	-	-	-	-	-	-	-	-
Waste management			-	-	-	-	-	-	500	529	560
<b>Other</b>		4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>		2	43,718	47,274	68,177	101,548	101,548	101,548	85,100	86,084	88,734
<b>Expenditure - Standard</b>											
<b>Governance and administration</b>			12,118	13,127	53,907	41,811	41,811	41,811	38,427	39,865	41,398
Executive and council			5,608	6,069	10,700	8,894	8,894	8,894	7,729	8,169	8,634
Budget and treasury office			-	-	14,502	18,323	18,323	18,323	18,678	19,310	20,034
Corporate services			6,510	7,058	28,705	14,594	14,594	14,594	12,019	12,386	12,730
<b>Community and public safety</b>			5,680	5,766	5,865	17,242	17,242	17,242	17,668	17,844	19,474
Community and social services			5,680	5,766	5,865	17,242	17,242	17,242	17,668	17,844	19,474
Sport and recreation			-	-	-	-	-	-	-	-	-
Public safety			-	-	-	-	-	-	-	-	-
Housing			-	-	-	-	-	-	-	-	-
Health			-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>			8,492	8,631	5,381	24,573	24,573	24,573	25,839	26,757	25,729
Planning and development			6,926	6,961	98	-	-	-	-	-	-
Road transport			1,566	1,670	5,283	24,573	24,573	24,573	25,839	26,757	25,729
Environmental protection			-	-	-	-	-	-	-	-	-
<b>Trading services</b>			1,933	2,119	-	-	-	-	-	-	-
Electricity			-	-	-	-	-	-	-	-	-
Water			-	-	-	-	-	-	-	-	-
Waste water management			-	-	-	-	-	-	-	-	-
Waste management			1,933	2,119	-	-	-	-	-	-	-
<b>Other</b>		4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>		3	28,223	29,643	65,153	83,626	83,626	83,626	81,934	84,467	86,601
<b>Surplus/(Deficit) for the year</b>			15,495	17,631	3,023	17,921	17,921	17,921	3,166	1,618	2,133



**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 9 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for the Electricity function, but not the Waste management function.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Executive & Council.

**Table 11 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

KZN226 Mkhambathini - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury Office		37,543	42,481	46,996	72,534	72,534	72,534	67,692	69,593	73,884
Vote 4 - Corporate Services		790	950	934	930	930	930	-	-	-
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-
Vote 6 - Library		312	505	684	1,318	1,318	1,318	2,536	1,337	1,396
Vote 7 - Vehicle Registration and Testing		2,938	3,127	3,311	3,576	3,576	3,576	3,923	4,150	4,391
Vote 8 - Solid Waste		-	-	-	-	-	-	500	529	560
Vote 9 - Technical Services		2,376	211	16,251	-	-	-	10,449	10,475	8,503
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>43,958</b>	<b>47,275</b>	<b>68,177</b>	<b>78,357</b>	<b>78,357</b>	<b>78,357</b>	<b>85,100</b>	<b>86,084</b>	<b>88,734</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Executive and Council		4,468	4,919	5,930	7,279	7,279	7,279	6,022	6,362	6,722
Vote 2 - Municipal Manager		1,140	1,150	4,770	1,615	1,615	1,615	1,708	1,807	1,911
Vote 3 - Budget and Treasury Office		6,984	13,809	14,282	18,323	18,323	18,323	18,678	19,310	20,034
Vote 4 - Corporate Services		6,510	7,058	29,023	14,594	14,594	14,594	12,019	12,386	12,730
Vote 5 - Community Services		5,199	5,182	4,897	15,212	15,212	15,212	15,294	15,351	16,936
Vote 6 - Library		481	584	968	2,530	2,530	2,530	2,374	2,493	2,537
Vote 7 - Vehicle Registration and Testing		1,566	1,670	17	3,428	3,428	3,428	4,468	4,727	5,001
Vote 8 - Solid Waste		1,933	2,119	-	-	-	-	-	-	-
Vote 9 - Technical Services		6,926	6,961	5,266	11,248	11,248	11,248	21,371	22,030	20,728
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>35,206</b>	<b>43,452</b>	<b>65,154</b>	<b>74,229</b>	<b>74,229</b>	<b>74,229</b>	<b>81,934</b>	<b>84,467</b>	<b>86,601</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>8,752</b>	<b>3,823</b>	<b>3,023</b>	<b>4,128</b>	<b>4,128</b>	<b>4,128</b>	<b>3,166</b>	<b>1,618</b>	<b>2,133</b>

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity trading service.

**Table 16 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)****KZN226 Mkhambathini - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	<b>1</b>										
<b>Revenue By Source</b>											
Property rates	2	6,722	7,038	11,588	11,454	11,454	11,454	11,454	12,454	13,176	13,941
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	500	529	560
Service charges - other											
Rental of facilities and equipment											
Interest earned - external investments		730	731	832	800	1,526	1,526	1,526	1,650	1,746	1,847
Interest earned - outstanding debtors		350	148	1,179	1,272	1,272	1,272	1,272	1,176	1,244	1,316
Dividends received				-							
Fines		34	34	32	41	41	41	41	70	74	78
Licences and permits		3,183	3,543	3,946	4,873	3,576	3,576	3,576	3,923	4,150	4,391
Agency services				-							
Transfers recognised - operational		34,659	33,306	47,283	65,873	60,106	60,106	60,106	64,525	64,317	65,703
Other revenue	2	371	406	410	384	384	384	384	803	849	898
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>46,049</b>	<b>45,207</b>	<b>65,270</b>	<b>84,697</b>	<b>78,358</b>	<b>78,358</b>	<b>78,358</b>	<b>85,101</b>	<b>86,086</b>	<b>88,734</b>
<b>Expenditure By Type</b>											
Employee related costs	2	17,524	20,388	21,411	25,752	25,752	25,752	25,752	27,915	29,534	31,247
Remuneration of councillors		3,869	4,123	4,492	4,800	4,800	4,800	4,800	5,088	5,383	5,695
Debt impairment	3	602	1,765	2,258	800	800	800	800	700	700	700
Depreciation & asset impairment	2	3,572	4,039	6,772	4,700	4,700	4,700	4,700	4,800	5,078	5,373
Finance charges		107	34	16	140	-	-	-	184	195	206
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8										
Contracted services		286	-	-	-	-	-	-	-	-	-
Transfers and grants		7,197	8,808	7,734	-	-	-	-	-	-	-
Other expenditure	4, 5	13,056	13,763	15,462	38,179	38,179	38,179	38,179	43,246	43,576	43,384
Loss on disposal of PPE											
<b>Total Expenditure</b>		<b>46,212</b>	<b>52,921</b>	<b>58,146</b>	<b>74,371</b>	<b>74,231</b>	<b>74,231</b>	<b>74,231</b>	<b>81,933</b>	<b>84,467</b>	<b>86,605</b>
<b>Surplus/(Deficit)</b>		<b>(163)</b>	<b>(7,714)</b>	<b>7,124</b>	<b>10,327</b>	<b>4,128</b>	<b>4,128</b>	<b>4,128</b>	<b>3,168</b>	<b>1,619</b>	<b>2,129</b>
Transfers recognised - capital		11,792	15,626	18,057	16,851	16,851	16,851	16,851	15,626	16,360	17,067
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>11,629</b>	<b>7,912</b>	<b>25,181</b>	<b>27,178</b>	<b>20,979</b>	<b>20,979</b>	<b>20,979</b>	<b>18,794</b>	<b>17,979</b>	<b>19,196</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>11,629</b>	<b>7,912</b>	<b>25,181</b>	<b>27,178</b>	<b>20,979</b>	<b>20,979</b>	<b>20,979</b>	<b>18,794</b>	<b>17,979</b>	<b>19,196</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>11,629</b>	<b>7,912</b>	<b>25,181</b>	<b>27,178</b>	<b>20,979</b>	<b>20,979</b>	<b>20,979</b>	<b>18,794</b>	<b>17,979</b>	<b>19,196</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>11,629</b>	<b>7,912</b>	<b>25,181</b>	<b>27,178</b>	<b>20,979</b>	<b>20,979</b>	<b>20,979</b>	<b>18,794</b>	<b>17,979</b>	<b>19,196</b>

**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

1. Total revenue is R85.1 million in 2016/17 and escalates to R87.7 million by 2018/19.
2. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
3. Employee related costs is the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage increases in future years.

**Table 127 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding**

KZN226 Mkhambathini - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury Office		-	1,328	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Library		-	-	-	-	-	-	-	-	-	-
Vote 7 - Vehicle Registration and Testing		-	-	-	-	-	-	-	-	-	-
Vote 8 - Solid Waste		-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		-	2,172	19,140	-	-	-	-	-	-	-
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	-	<b>3,500</b>	<b>19,140</b>	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - Executive and Council		-	-	60	1,200	200	200	200	1,200	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	140	140	140
Vote 3 - Budget and Treasury Office		584	-	-	-	-	-	-	140	140	140
Vote 4 - Corporate Services		-	-	-	1,250	1,250	1,250	1,250	140	140	140
Vote 5 - Community Services		6,928	-	600	-	-	-	-	140	140	140
Vote 6 - Library		-	-	-	-	-	-	-	-	-	-
Vote 7 - Vehicle Registration and Testing		-	-	-	-	-	-	-	-	-	-
Vote 8 - Solid Waste		-	-	-	-	-	-	-	100	80	80
Vote 9 - Technical Services		4,423	14,427	12,055	16,851	17,851	17,851	17,851	17,266	17,500	18,207
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>11,934</b>	<b>14,427</b>	<b>12,715</b>	<b>19,301</b>	<b>19,301</b>	<b>19,301</b>	<b>19,301</b>	<b>19,126</b>	<b>18,140</b>	<b>18,847</b>
<b>Total Capital Expenditure - Vote</b>		<b>11,934</b>	<b>17,927</b>	<b>31,855</b>	<b>19,301</b>	<b>19,301</b>	<b>19,301</b>	<b>19,301</b>	<b>19,126</b>	<b>18,140</b>	<b>18,847</b>
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		<b>584</b>	<b>1,500</b>	<b>35</b>	<b>2,450</b>	<b>1,450</b>	<b>1,450</b>	<b>1,450</b>	<b>1,620</b>	<b>420</b>	<b>420</b>
Executive and council		-	-	35	1,200	200	200	200	1,340	140	140
Budget and treasury office		584	1,500	-	-	-	-	-	140	140	140
Corporate services		-	-	-	1,250	1,250	1,250	1,250	140	140	140
<b>Community and public safety</b>		<b>6,928</b>	<b>-</b>	<b>630</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>240</b>	<b>220</b>	<b>220</b>
Community and social services		6,928	-	630	-	-	-	-	240	220	220
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>4,423</b>	<b>16,427</b>	<b>12,139</b>	<b>16,851</b>	<b>17,851</b>	<b>17,851</b>	<b>17,851</b>	<b>17,266</b>	<b>17,500</b>	<b>18,207</b>
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		4,423	16,427	12,139	16,851	17,851	17,851	17,851	17,266	17,500	18,207
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	<b>11,934</b>	<b>17,927</b>	<b>12,804</b>	<b>19,301</b>	<b>19,301</b>	<b>19,301</b>	<b>19,301</b>	<b>19,126</b>	<b>18,140</b>	<b>18,847</b>
<b>Funded by:</b>											
National Government		11,934	14,427	12,139	16,851	16,851	16,851	16,851	15,626	16,360	17,067
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>4</b>	<b>11,934</b>	<b>14,427</b>	<b>12,139</b>	<b>16,851</b>	<b>16,851</b>	<b>16,851</b>	<b>16,851</b>	<b>15,626</b>	<b>16,360</b>	<b>17,067</b>
<b>Public contributions &amp; donations</b>	<b>5</b>										
<b>Borrowing</b>	<b>6</b>										
<b>Internally generated funds</b>			3,500	665	2,450	2,450	2,450	2,450	3,500	1,780	1,780
<b>Total Capital Funding</b>	<b>7</b>	<b>11,934</b>	<b>17,927</b>	<b>12,804</b>	<b>19,301</b>	<b>19,301</b>	<b>19,301</b>	<b>19,301</b>	<b>19,126</b>	<b>18,140</b>	<b>18,847</b>

**source**

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.



**Table 138 MBRR Table A6 - Budgeted Financial Position****KZN226 Mkhambathini - Table A6 Budgeted Financial Position**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		518	316	533	7,000	1,500	1,500	1,500	2,000	2,000	2,000
Call investment deposits	1	17,745	5,256	14,080	10,000	20,000	20,000	20,000	12,000	12,000	12,000
Consumer debtors	1	2,895	3,456	7,312	3,500	9,378	9,378	9,378	6,410	4,350	3,350
Other debtors		2,603	1,455	3,423							
Current portion of long-term receivables											
Inventory	2										
<b>Total current assets</b>		<b>23,762</b>	<b>10,482</b>	<b>25,348</b>	<b>20,500</b>	<b>30,878</b>	<b>30,878</b>	<b>30,878</b>	<b>20,410</b>	<b>18,350</b>	<b>17,350</b>
<b>Non current assets</b>											
Long-term receivables											
Investments											
Investment property		1,158	1,431	5,252	1,158	5,251	5,251	5,251	5,251	5,251	5,251
Investment in Associate											
Property, plant and equipment	3	64,318	79,604	94,487	107,948	107,948	107,948	109,088	128,214	141,276	154,750
Agricultural											
Biological											
Intangible		96	72	48							
Other non-current assets											
<b>Total non current assets</b>		<b>65,572</b>	<b>81,107</b>	<b>99,787</b>	<b>109,106</b>	<b>113,199</b>	<b>113,199</b>	<b>114,339</b>	<b>133,465</b>	<b>146,527</b>	<b>160,001</b>
<b>TOTAL ASSETS</b>		<b>89,334</b>	<b>91,589</b>	<b>125,135</b>	<b>129,606</b>	<b>144,077</b>	<b>144,077</b>	<b>145,217</b>	<b>153,875</b>	<b>164,877</b>	<b>177,351</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1										
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits											
Trade and other payables	4	13,530	7,062	11,476	7,000	7,000	7,000	7,000	6,000	6,000	6,000
Provisions		1,196	1,625	1,683	1,791	1,791	1,791	1,791	1,800	2,000	2,000
<b>Total current liabilities</b>		<b>14,726</b>	<b>8,687</b>	<b>13,158</b>	<b>8,791</b>	<b>8,791</b>	<b>8,791</b>	<b>8,791</b>	<b>7,800</b>	<b>8,000</b>	<b>8,000</b>
<b>Non current liabilities</b>											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		1,329	1,865	2,200	2,400	2,400	2,400	2,400	2,600	2,800	3,000
<b>Total non current liabilities</b>		<b>1,329</b>	<b>1,865</b>	<b>2,200</b>	<b>2,400</b>	<b>2,400</b>	<b>2,400</b>	<b>2,400</b>	<b>2,600</b>	<b>2,800</b>	<b>3,000</b>
<b>TOTAL LIABILITIES</b>		<b>16,055</b>	<b>10,552</b>	<b>15,358</b>	<b>11,191</b>	<b>11,191</b>	<b>11,191</b>	<b>11,191</b>	<b>10,400</b>	<b>10,800</b>	<b>11,000</b>
<b>NET ASSETS</b>	5	<b>73,279</b>	<b>81,037</b>	<b>109,777</b>	<b>118,415</b>	<b>132,885</b>	<b>132,885</b>	<b>134,026</b>	<b>143,475</b>	<b>154,077</b>	<b>166,351</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		58,949	67,364	96,952	107,415	121,885	121,885	122,047	132,343	143,791	156,912
Reserves	4	14,330	13,673	12,826	11,000	11,000	11,000	11,979	11,132	10,286	9,439
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>73,279</b>	<b>81,037</b>	<b>109,777</b>	<b>118,415</b>	<b>132,885</b>	<b>132,885</b>	<b>134,026</b>	<b>143,475</b>	<b>154,077</b>	<b>166,351</b>

**Explanatory notes to Table A6 - Budgeted Financial Position**

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
- Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the

budget appropriation for debt impairment which in turn would impact on the provision for bad debt.

**Table 19 MBRR Table A7 - Budgeted Cash Flow Statement****KZN226 Mkhambathini - Table A7 Budgeted Cash Flows**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>											
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates, penalties & collection charges		19,038	9,798	10,169	7,445	7,445	7,445	7,445	12,454	13,176	13,941
Service charges					-	-	-	-	500	529	560
Other revenue					8,058	6,761	6,761	6,761	4,796	5,073	5,368
Government - operating	1	39,779	28,178	49,524	65,873	60,106	60,106	60,106	64,525	64,317	65,703
Government - capital	1		14,427	16,251	16,851	16,851	16,851	16,851	15,626	16,360	17,067
Interest		1,080	913	1,972	1,627	2,353	2,353	2,353	2,826	2,990	3,163
Dividends									-	-	-
<b>Payments</b>											
Suppliers and employees		(39,991)	(46,823)	(47,881)	(79,950)	(70,553)	(70,553)	(70,553)	(76,249)	(78,493)	(80,326)
Finance charges		(107)	(117)	-	(140)	(140)	(140)	(140)	(184)	(195)	(206)
Transfers and Grants	1								-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>19,799</b>	<b>6,376</b>	<b>30,035</b>	<b>19,764</b>	<b>22,822</b>	<b>22,822</b>	<b>22,822</b>	<b>24,294</b>	<b>23,758</b>	<b>25,269</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE				5					-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables		(22)							-	-	-
Decrease (increase) in non-current investments									-	-	-
<b>Payments</b>											
Capital assets		(12,347)	(19,069)	(20,997)	(19,301)	(19,301)	(19,301)	(19,301)	(19,126)	(18,140)	(18,847)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(12,369)</b>	<b>(19,069)</b>	<b>(20,992)</b>	<b>(19,301)</b>	<b>(19,301)</b>	<b>(19,301)</b>	<b>(19,301)</b>	<b>(19,126)</b>	<b>(18,140)</b>	<b>(18,847)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		1							-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
<b>Payments</b>											
Repayment of borrowing									-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>7,432</b>	<b>(12,692)</b>	<b>9,042</b>	<b>463</b>	<b>3,521</b>	<b>3,521</b>	<b>3,521</b>	<b>5,168</b>	<b>5,618</b>	<b>6,422</b>
Cash/cash equivalents at the year begin:	2	10,832	18,264	5,571	5,571	6,034	5,571	5,571	18,135	23,303	28,920
Cash/cash equivalents at the year end:	2	18,264	5,571	14,613	6,034	9,555	9,092	9,092	23,303	28,920	35,342

**Table 20 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation****KZN226 Mkhambathini - Table A8 Cash backed reserves/accumulated surplus reconciliation**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>											
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	18,264	5,571	14,613	6,034	9,555	9,092	9,092	23,303	28,920	35,342
Other current investments > 90 days		(0)	0	0	10,966	11,945	12,408	12,408	(9,303)	(14,920)	(21,342)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>18,263</b>	<b>5,571</b>	<b>14,614</b>	<b>17,000</b>	<b>21,500</b>	<b>21,500</b>	<b>21,500</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		9,947	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	250	239	239	387	387	387	387	387	387	387
Other working capital requirements	3	(6,237)	2,755	5,113	(10)	(4,964)	(4,964)	(4,964)	(3,012)	(1,080)	(142)
Other provisions		866	326	326							
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>4,826</b>	<b>3,320</b>	<b>5,678</b>	<b>377</b>	<b>(4,577)</b>	<b>(4,577)</b>	<b>(4,577)</b>	<b>(2,625)</b>	<b>(693)</b>	<b>245</b>
<b>Surplus(shortfall)</b>		<b>13,437</b>	<b>2,251</b>	<b>8,936</b>	<b>16,623</b>	<b>26,077</b>	<b>26,077</b>	<b>26,077</b>	<b>16,625</b>	<b>14,693</b>	<b>13,755</b>

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

**Table 141 MBRR Table A9 - Asset Management****KZN226 Mkhambathini - Table A9 Asset Management**

KZN20 Mkhambathini - Table A9 Asset Management										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	13,445	19,846	18,061	16,801	16,801	16,801	19,126	18,140	18,847
Infrastructure - Road transport		5,266	6,201	5,000	14,351	14,351	14,351	15,626	16,360	17,067
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		5,266	6,201	5,000	14,351	14,351	14,351	15,626	16,360	17,067
Community		6,098	9,925	11,251	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	2,080	3,720	1,810	2,450	2,450	2,450	3,500	1,780	1,780
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		5,266	6,201	5,000	14,351	14,351	14,351	15,626	16,360	17,067
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		5,266	6,201	5,000	14,351	14,351	14,351	15,626	16,360	17,067
Community		6,098	9,925	11,251	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		2,080	3,720	1,810	2,450	2,450	2,450	3,500	1,780	1,780
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	13,445	19,846	18,061	16,801	16,801	16,801	19,126	18,140	18,847
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	26,806		7,242	14,351	14,351	14,351	15,626	16,360	17,067
Infrastructure - Electricity										
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other										
Infrastructure		26,806	-	7,242	14,351	14,351	14,351	15,626	16,360	17,067
Community		24,201		12,751	4,900	4,900	4,900			
Heritage assets										
Investment properties		1,158	1,431	5,252	1,158	5,251	5,251	5,251	5,251	5,251
Other assets		12,752		11,380						
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		96	72	48	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	65,013	1,503	36,673	20,409	24,502	24,502	20,877	21,611	22,318
EXPENDITURE OTHER ITEMS										
<u>Depreciation &amp; asset impairment</u>	3	3,572	4,039	6,772	4,700	4,700	4,700	4,800	5,078	5,373
<u>Repairs and Maintenance by Asset Class</u>		565	2,459	2,220	7,750	5,750	5,750	6,350	6,718	7,108
Infrastructure - Road transport		480	1,060	150	2,800	2,000	2,000	2,600	2,751	2,910
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		480	1,060	150	2,800	2,000	2,000	2,600	2,751	2,910
Community		-	1,060	1,500	1,500	1,500	1,500	1,400	1,481	1,567
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	85	339	570	3,450	2,250	2,250	2,350	2,486	2,631
TOTAL EXPENDITURE OTHER ITEMS		4,137	6,498	8,992	12,450	10,450	10,450	11,150	11,797	12,481

### **Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.

### **Table 23 MBRR Table A10 - Basic Service Delivery Measurement**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling	2	2,563	2,742	3,071	3,132	3,132	3,132	3,195	3,259	-
Piped water inside yard (but not in dwelling)	2	8,359	8,944	9,838	10,035	10,035	10,035	10,235	10,440	-
Using public tap (at least min.service level)	4	1,376	1,472	1,576	1,608	1,608	1,608	1,640	1,672	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	3	12,298	13,158	14,485	14,775	14,775	14,775	15,070	15,372	-
Using public tap (< min.service level)	3	505	340	204	208	208	208	212	216	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply	4	605	544	299	305	305	305	311	317	-
<i>Below Minimum Service Level sub-total</i>		1,110	884	503	513	513	513	523	534	-
<b>Total number of households</b>	5	13,408	14,042	14,988	15,288	15,288	15,288	15,594	15,905	-
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		1,574	1,684	1,785	1,823	1,821	1,821	1,857	1,894	-
Flush toilet (with septic tank)		1,577	1,688	1,789	1,825	1,825	1,825	1,861	1,899	-
Chemical toilet		470	503	533	544	544	544	555	566	-
Pit toilet (ventilated)		7,606	8,138	8,627	8,800	8,800	8,800	8,976	9,155	-
Other toilet provisions (> min.service level)		557	45	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		11,784	12,058	12,734	12,991	12,989	12,989	13,248	13,513	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	11,784	12,058	12,734	12,991	12,989	12,989	13,248	13,513	-
<b>Energy:</b>										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		794	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		794	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	794	-	-	-	-	-	-	-	-
<b>Refuse:</b>										
Removed at least once a week		480	480	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		480	480	-	-	-	-	-	-	-
Removed less frequently than once a week		52	52	52	52	52	52	52	52	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		52	52	52	52	52	52	52	52	-
<b>Total number of households</b>	5	532	532	52	52	52	52	52	52	-
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>		-	-	-	-	-	-	-	-	-
<b>Total cost of FBS provided</b>		-	-	-	-	-	-	-	-	-
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		1,132	1,137	1,205						
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	1,450	1,450	1,537	1,537	1,537	1,537	1,457	1,542
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
<b>Total revenue cost of subsidised services provided</b>	6	1,132	2,587	2,656	1,537	1,537	1,537	1,537	1,457	1,542

**Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.



## **Part 2 – Supporting Documentation**

### **2.1 Overview of the annual budget process**

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act. Exco acts as the Budget Steering Committee.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### **2.1.1 Budget Process Overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2015) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule in August 2015. Key dates applicable to the process were noted and used in the compilation of the IDP and Budget process.

#### **2.1.2 IDP and Service Delivery and Budget Implementation Plan**

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2015/16 MTREF, based on the approved 2016/17 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

### **2.1.3 Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2016/17 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2016/17 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2015/16 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 78 have been taken into consideration in the planning and prioritisation process.

### **2.1.4 Community Consultation**

The draft 2016/17 MTREF as tabled before Council on 29 March 2016 for community consultation was published on the municipality's website, and hard copies were made available at municipal offices, municipal notice boards and libraries.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees will be utilised to facilitate the community consultation process starting in April 2016. The date of this meeting will be advertised in the local media. The following notice will be published in the local media:

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## **2.2 Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between

national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (PGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2015/16 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 15 IDP Strategic Objectives**

2016/17 Financial Year	2016/17 MTREF
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to MKHAMBATHINI principles through a caring, accessible and accountable service	4. Foster participatory democracy and Mk principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development,

economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
  - Provide electricity;
  - Provide waste removal;
  - Provide housing;
  - Provide roads and storm water;
  - Provide Municipality planning services; and
  - Maintaining the infrastructure of the Municipality.
2. Economic growth and development that leads to sustainable job creation by:
  - Ensuring there is a clear structural plan for the Municipality;
  - Ensuring planning processes function in accordance with set timeframes;
  - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
  - Effective implementation of the Indigent Policy;
  - Working with the provincial department of health to provide primary health care services;
  - Extending waste removal services and ensuring effective Municipality cleansing;
  - Ensuring all waste water treatment works are operating optimally;
  - Working with strategic partners such as SAPS to address crime;
  - Ensuring safe working environments by effective enforcement of building and health regulations;
  - Promote viable, sustainable communities through proper zoning; and
  - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
  - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and MKHAMBATHINI principles through a caring, accessible and accountable service by:
  - Optimising effective community participation in the ward committee system; and
  - Implementing MKHAMBATHINI in the revenue management strategy.
- 5.1 Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the 2015/16 revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;

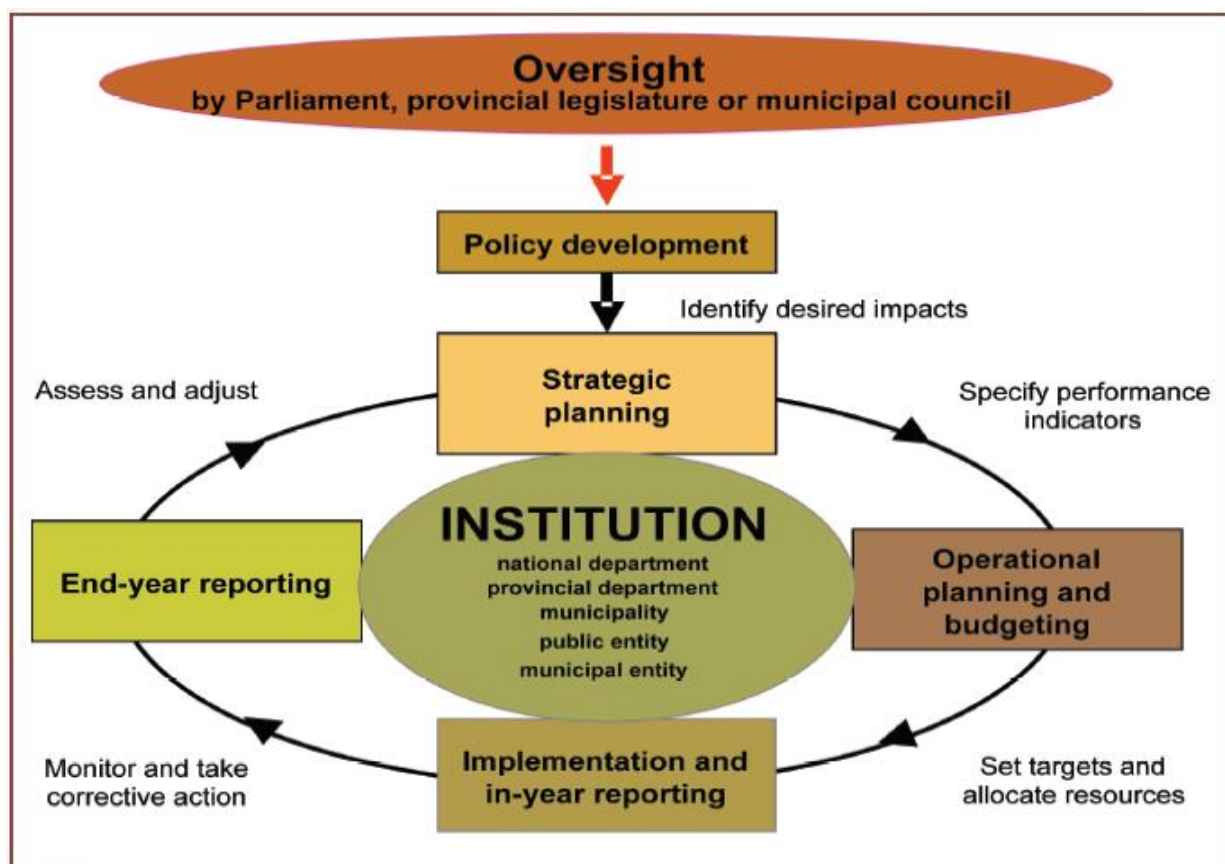
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2015/16 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

## **2.3 Measurable performance objectives and indicators**

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



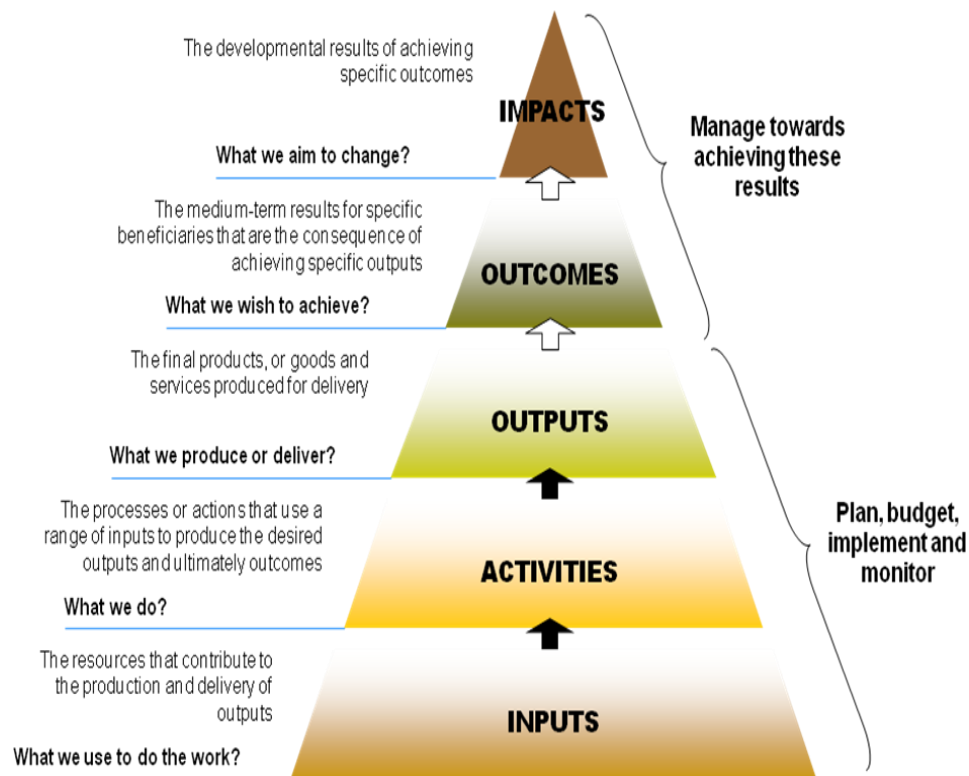
**Figure 1 Planning, budgeting and reporting cycle**

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:





**Figure 2 Definition of performance information concepts**

**Table 165 MBRR Table SA8 - Performance indicators and benchmarks**

KZN226 Mkhambathini - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b><u>Borrowing Management</u></b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.2%	0.1%	0.0%	0.2%	0.0%	0.0%	0.0%	0.2%	0.2%	0.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.9%	0.3%	0.1%	0.7%	0.0%	0.0%	0.0%	0.9%	0.9%	0.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	1.6	1.2	1.9	4.3	6.4	6.4	6.4	5.1	3.7	3.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.6	1.2	1.9	4.3	6.4	6.4	6.4	5.1	3.7	3.5
Liquidity Ratio	Monetary Assets/Current Liabilities	1.2	0.6	1.1	3.5	4.5	4.5	4.5	3.5	2.8	2.8
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		282.9%	139.2%	87.7%	65.0%	65.0%	65.0%	65.0%	100.0%	100.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		283.2%	139.2%	87.7%	65.0%	65.0%	65.0%	65.0%	100.0%	100.0%	100.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	11.9%	10.9%	16.4%	4.1%	12.0%	12.0%	12.0%	7.5%	5.1%	3.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Creditors to Cash and Investments		19.6%	126.8%	78.5%	49.7%	31.4%	33.0%	33.0%	12.9%	10.4%	8.5%
<b><u>Other Indicators</u></b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	38.1%	45.1%	32.8%	30.4%	32.9%	32.9%	32.9%	32.8%	34.3%	35.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	46.2%	55.6%	43.1%	36.1%	39.0%	39.0%		38.8%	40.6%	41.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	1.2%	5.4%	3.4%	9.2%	7.3%	7.3%		7.5%	7.8%	8.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	8.0%	9.0%	10.4%	5.7%	6.0%	6.0%	6.0%	5.9%	6.1%	6.3%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	12.5	6.0	11.1	8.0	8.0	8.0	6.5	6.9	6.9	7.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	81.8%	69.8%	92.6%	30.6%	81.9%	81.9%	81.9%	49.5%	31.7%	23.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	7.9	2.1	5.1	1.5	2.5	2.3	2.3	5.5	6.5	7.7

### 2.3.1 Performance indicators and benchmarks

#### 2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. The following financial performance indicators have formed part of the compilation of the 2015/16 MTREF:

- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is nil per cent.

#### 2.3.1.2 Safety of Capital

#### 2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2016/17 MTREF the current ratio is 2.6 in the 2017/18 financial year and 2.3 and 2.2 for the two outer years of the MTREF. These are only estimates at this stage
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations.

#### 2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

#### 2.3.1.5 Creditors Management

- The Municipality could not manage to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has not managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a negative impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to damage the Municipality

in the form of more competitive pricing of tenders, as suppliers will not compete for the Municipality's business.

## **2.4 Overview of budget related-policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The following budget-related policies have been approved by Council, or have been reviewed or amended and/or are currently being reviewed/amended in line with National Guidelines and other legislation. The policies are opened for inspection and comment and the final copies will be tabled when the budget is adopted in May 2016

2.4.1 Budget Policy

2.4.2 Supply Chain Management Policy

2.4.3. Rates Policy

2.4.4 Tariff Policy

2.4.5 Credit Control & Debt Collection Policy

2.4.6 Subsistence & Travel Policy

2.4.7 Leave Policy

2.4.8 Virement Policy

2.4.9 Cash Management and Investment Policy

2.4.10 Overtime Policy

2.4.11 Budget policy

2.4.12 Banking Policy

## 2.5 Councillor and employee benefits

**Table 26 MBRR SA22 - Summary of councillor and staff benefits**

KZN226 Mkhambathini - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		3,638	4,101	4,122	4,800	4,800	4,800	5,088	5,383	5,695
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
<b>Sub Total - Councillors</b>		<b>3,638</b>	<b>4,101</b>	<b>4,122</b>	<b>4,800</b>	<b>4,800</b>	<b>4,800</b>	<b>5,088</b>	<b>5,383</b>	<b>5,695</b>
<b>% increase</b>	4		<b>12.7%</b>	<b>0.5%</b>	<b>16.5%</b>	<b>-</b>	<b>-</b>	<b>6.0%</b>	<b>5.8%</b>	<b>5.8%</b>
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages			3,976	4,892	4,256	4,256	4,256	4,450	4,708	4,981
Pension and UIF Contributions		-	-			-	-			
Medical Aid Contributions						-	-			
Overtime						-	-			
Performance Bonus						-	-			
Motor Vehicle Allowance	3		-			-	-			
Cellphone Allowance	3	50	-		42	42	42	50	53	56
Housing Allowances	3	41	-			-	-			
Other benefits and allowances	3					-	-			
Payments in lieu of leave						-	-			
Long service awards						-	-			
Post-retirement benefit obligations	6					-	-			
<b>Sub Total - Senior Managers of Municipality</b>		<b>92</b>	<b>3,976</b>	<b>4,892</b>	<b>4,298</b>	<b>4,298</b>	<b>4,298</b>	<b>4,500</b>	<b>4,761</b>	<b>5,038</b>
<b>% increase</b>	4		<b>4,243.0%</b>	<b>23.0%</b>	<b>(12.1%)</b>	<b>-</b>	<b>-</b>	<b>4.7%</b>	<b>5.8%</b>	<b>5.8%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		12,066	11,850	12,250	15,780	15,780	15,780	15,611	16,517	17,475
Pension and UIF Contributions		1,942	1,660	3,455	2,223	2,223	2,223	3,727	3,943	4,172
Medical Aid Contributions		607	626	620	833	833	833	1,560	1,650	1,735
Overtime		735	757	710	855	855	855	1,060	1,121	1,187
Performance Bonus			1,390	917	828	828	828	1,299	1,375	1,454
Motor Vehicle Allowance	3	133	91	359	318	318	318	-	-	-
Cellphone Allowance	3	28	15	60	52	52	52	50	53	56
Housing Allowances	3	35	33	42	52	52	52	98	104	110
Other benefits and allowances	3	1,079	109	268	90	90	90	8	9	9
Payments in lieu of leave		899	509	411	423	423	423			
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Other Municipal Staff</b>		<b>17,524</b>	<b>17,039</b>	<b>19,092</b>	<b>21,454</b>	<b>21,454</b>	<b>21,454</b>	<b>23,414</b>	<b>24,772</b>	<b>26,198</b>
<b>% increase</b>	4		<b>(2.8%)</b>	<b>12.0%</b>	<b>12.4%</b>	<b>-</b>	<b>-</b>	<b>9.1%</b>	<b>5.8%</b>	<b>5.8%</b>
<b>Total Parent Municipality</b>		<b>21,254</b>	<b>25,116</b>	<b>28,105</b>	<b>30,552</b>	<b>30,552</b>	<b>30,552</b>	<b>33,003</b>	<b>34,917</b>	<b>36,931</b>
			<b>18.2%</b>	<b>11.9%</b>	<b>8.7%</b>	<b>-</b>	<b>-</b>	<b>8.0%</b>	<b>5.8%</b>	<b>5.8%</b>

<b>Board Members of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Board Members of Entities</b>		-	-	-	-	-	-	-	-	-
<b>% increase</b>	4		-	-	-	-	-	-	-	-
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Senior Managers of Entities</b>		-	-	-	-	-	-	-	-	-
<b>% increase</b>	4		-	-	-	-	-	-	-	-
<b>Other Staff of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Other Staff of Entities</b>		-	-	-	-	-	-	-	-	-
<b>% increase</b>	4		-	-	-	-	-	-	-	-
<b>Total Municipal Entities</b>		-	-	-	-	-	-	-	-	-
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		21,254	25,116	28,105	30,552	30,552	30,552	33,003	34,917	36,931
<b>% increase</b>	4		18.2%	11.9%	8.7%	-	-	8.0%	5.8%	5.8%
<b>TOTAL MANAGERS AND STAFF</b>	5,7	17,615	21,015	23,984	25,752	25,752	25,752	27,915	29,534	31,235

**Table 27 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

**KZN226 Mkhambathini - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<b><u>Councillors</u></b>	3							
Speaker	4		425,859		166,421			592,280
Chief Whip			160,454		77,953			238,407
Executive Mayor			532,324		201,909			734,233
Deputy Executive Mayor			425,859		166,421			592,280
Executive Committee			220,625		98,010			318,634
Total for all other councillors			1,582,657		623,622			2,206,279
<b>Total Councillors</b>	8	–	<b>3,347,778</b>	–	<b>1,334,336</b>			<b>4,682,113</b>
<b><u>Senior Managers of the Municipality</u></b>	5							
Municipal Manager (MM)			1,028,524		12,000			1,040,524
Chief Finance Officer			855,365		9,600			864,965
Manager Corporate Services			855,365		9,600			864,965
Manager Community Services			855,365		9,600			864,965
Manger Technical Services			855,365		9,600			864,965
<i>List of each official with packages &gt;= senior manager</i>								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
<b>Total Senior Managers of the Municipality</b>	8,10	–	<b>4,449,986</b>	–	<b>50,400</b>	–		<b>4,500,386</b>
<b><u>A Heading for Each Entity</u></b>	6,7							
List each member of board by designation								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
<b>Total for municipal entities</b>	8,10	–	–	–	–	–		–
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	10	–	<b>7,797,764</b>	–	<b>1,384,736</b>	–		<b>9,182,499</b>

**Table 28 MBRR SA24 – Summary of personnel numbers****KZN226 Mkhambathini - Supporting Table SA24 Summary of personnel numbers**

Summary of Personnel Numbers	Ref	2014/15			Current Year 2015/16			Budget Year 2016/17		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)	4	14	3	11	14	3	11	14	3	11
Board Members of municipal entities	5									
<b>Municipal employees</b>										
Municipal Manager and Senior Managers	3	3	–	3	5	–	5	5	–	5
Other Managers	7									
Professionals		44	39	17	44	39	17	44	39	17
Finance			6	7		6	7		6	7
Spatial/town planning										
Information Technology		1	–	1	1	–	1	1	–	1
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other		43	33	9	43	33	9	43	33	9
Technicians		–	–	–	–	–	–	–	–	–
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Clerks (Clerical and administrative)		36	36	–	36	36	–	36	36	–
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
<b>TOTAL PERSONNEL NUMBERS</b>	9	<b>97</b>	<b>78</b>	<b>31</b>	<b>99</b>	<b>78</b>	<b>33</b>	<b>99</b>	<b>78</b>	<b>33</b>
<b>% increase</b>					2.1%	–	6.5%	–	–	–
<b>Total municipal employees headcount</b>	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									



## **2.6 Monthly targets for revenue, expenditure and cash flow**

**Table 29 MBRR SA25 - Budgeted monthly revenue and expenditure**

## KZN226 Mkhambathini - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand																
<b>Revenue By Source</b>																
Property rates		1,038	1,038	1,038	1,038	1,038	1,038	1,038	1,038	1,038	1,038	1,038	1,038	12,454	13,176	13,941
Property rates - penalties & collection charges		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue		42	42	42	42	42	42	42	42	42	42	42	42	500	529	560
Service charges - other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest earned - external investments		138	138	138	138	138	138	138	138	138	138	138	138	1,650	1,746	1,847
Interest earned - outstanding debtors		98	98	98	98	98	98	98	98	98	98	98	98	1,176	1,244	1,316
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines		6	6	6	6	6	6	6	6	6	6	6	6	70	74	78
Licences and permits		327	327	327	327	327	327	327	327	327	327	327	327	3,923	4,150	4,391
Agency services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational		5,377	5,377	5,377	5,377	5,377	5,377	5,377	5,377	5,377	5,377	5,377	5,377	64,525	64,317	65,703
Other revenue		67	67	67	67	67	67	67	67	67	67	67	67	803	849	898
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		7,092	7,092	7,092	7,092	7,092	7,092	7,092	7,092	7,092	7,092	7,092	7,092	85,101	86,086	88,734
<b>Expenditure By Type</b>																
Employee related costs		2,326	2,326	2,326	2,326	2,326	2,326	2,326	2,326	2,326	2,326	2,326	2,326	27,915	29,534	31,247
Remuneration of councillors		424	424	424	424	424	424	424	424	424	424	424	424	5,088	5,383	5,695
Debt impairment		58	58	58	58	58	58	58	58	58	58	58	58	700	700	700
Depreciation & asset impairment		400	400	400	400	400	400	400	400	400	400	400	400	4,800	5,078	5,373
Finance charges		15	15	15	15	15	15	15	15	15	15	15	15	184	195	206
Bulk purchases		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other materials		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contracted services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and grants		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other expenditure		3,604	3,604	3,604	3,604	3,604	3,604	3,604	3,604	3,604	3,604	3,604	3,604	43,246	43,576	43,384
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		6,828	6,828	6,828	6,828	6,828	6,828	6,828	6,828	6,828	6,828	6,828	6,828	81,933	84,467	86,605
<b>Surplus/(Deficit)</b>																
		264	264	264	264	264	264	264	264	264	264	264	264	3,168	1,619	2,129
Transfers recognised - capital		1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302	15,626	16,360	17,067
Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contributed assets		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>																
		1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	18,794	17,979	19,196
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	18,794	17,979	19,196

**Table 30 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

KZN226 Mkhambathini - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>																
<b>Revenue by Vote</b>																
Vote 1 - Executive and Council													-	-	-	-
Vote 2 - Municipal Manager													-	-	-	-
Vote 3 - Budget and Treasury Office		5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,641	67,692	69,593	73,884
Vote 4 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Library		211	211	211	211	211	211	211	211	211	211	211	211	2,536	1,337	1,396
Vote 7 - Vehicle Registration and Testing		327	327	327	327	327	327	327	327	327	327	327	327	3,923	4,150	4,391
Vote 8 - Solid Waste		42	42	42	42	42	42	42	42	42	42	42	42	500	529	560
Vote 9 - Technical Services		871	871	871	871	871	871	871	871	871	871	871	871	10,449	10,475	8,503
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>		<b>7,092</b>	<b>7,092</b>	<b>7,092</b>	<b>7,092</b>	<b>7,092</b>	<b>7,092</b>	<b>7,092</b>	<b>7,092</b>	<b>7,092</b>	<b>7,092</b>	<b>7,092</b>	<b>7,092</b>	<b>85,100</b>	<b>86,084</b>	<b>88,734</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Executive and Council		502	502	502	502	502	502	502	502	502	502	502	502	6,022	6,362	6,722
Vote 2 - Municipal Manager		142	142	142	142	142	142	142	142	142	142	142	142	1,708	1,807	1,911
Vote 3 - Budget and Treasury Office		1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	18,678	19,310	20,034
Vote 4 - Corporate Services		1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	12,019	12,386	12,730
Vote 5 - Community Services		1,274	1,274	1,274	1,274	1,274	1,274	1,274	1,274	1,274	1,274	1,274	1,274	15,294	15,351	16,936
Vote 6 - Library		198	198	198	198	198	198	198	198	198	198	198	198	2,374	2,493	2,537
Vote 7 - Vehicle Registration and Testing		372	372	372	372	372	372	372	372	372	372	372	372	4,468	4,727	5,001
Vote 8 - Solid Waste		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		1,781	1,781	1,781	1,781	1,781	1,781	1,781	1,781	1,781	1,781	1,781	1,781	21,371	22,030	20,728
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>		<b>6,828</b>	<b>6,828</b>	<b>6,828</b>	<b>6,828</b>	<b>6,828</b>	<b>6,828</b>	<b>6,828</b>	<b>6,828</b>	<b>6,828</b>	<b>6,828</b>	<b>6,828</b>	<b>6,828</b>	<b>81,934</b>	<b>84,467</b>	<b>86,601</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>3,166</b>	<b>1,618</b>	<b>2,133</b>
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>3,166</b>	<b>1,618</b>	<b>2,133</b>

Table 31 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue - Standard</b>																
<b>Governance and administration</b>		5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,641	67,692	69,593	73,884
Executive and council														—	—	—
Budget and treasury office		5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,641	67,692	69,593	73,884
Corporate services														—	—	—
<b>Community and public safety</b>		211	211	211	211	211	211	211	211	211	211	211	211	2,536	1,337	1,396
Community and social services		211	211	211	211	211	211	211	211	211	211	211	211	2,536	1,337	1,396
Sport and recreation														—	—	—
Public safety														—	—	—
Housing														—	—	—
Health														—	—	—
<b>Economic and environmental services</b>		364	364	364	364	364	364	364	364	364	364	364	364	4,372	4,626	4,894
Planning and development		37	37	37	37	37	37	37	37	37	37	37	37	449	475	503
Road transport		327	327	327	327	327	327	327	327	327	327	327	327	3,923	4,150	4,391
Environmental protection														—	—	—
<b>Trading services</b>		875	875	875	875	875	875	875	875	875	875	875	875	10,500	10,529	8,560
Electricity		833	833	833	833	833	833	833	833	833	833	833	833	10,000	10,000	8,000
Water		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Waste management		42	42	42	42	42	42	42	42	42	42	42	42	500	529	560
<b>Other</b>														—	—	—
<b>Total Revenue - Standard</b>		7,092	7,092	7,092	7,092	7,092	7,092	7,092	7,092	7,092	7,092	7,092	7,092	85,100	86,084	88,734
			8,174	8,174	8,174	8,174	8,174	8,174	8,174	8,174	8,174	8,174	8,174			
<b>Expenditure - Standard</b>																
<b>Governance and administration</b>		3,202	3,202	3,202	3,202	3,202	3,202	3,202	3,202	3,202	3,202	3,202	3,202	38,427	39,865	41,398
Executive and council		644	644	644	644	644	644	644	644	644	644	644	644	7,729	8,169	8,634
Budget and treasury office		1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	18,678	19,310	20,034
Corporate services		1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	12,019	12,386	12,730
<b>Community and public safety</b>		1,472	1,472	1,472	1,472	1,472	1,472	1,472	1,472	1,472	1,472	1,472	1,472	17,668	17,844	19,474
Community and social services		1,472	1,472	1,472	1,472	1,472	1,472	1,472	1,472	1,472	1,472	1,472	1,472	17,668	17,844	19,474
Sport and recreation														—	—	—
Public safety														—	—	—
Housing														—	—	—
Health														—	—	—
<b>Economic and environmental services</b>		2,153	2,153	2,153	2,153	2,153	2,153	2,153	2,153	2,153	2,153	2,153	2,153	25,839	26,757	25,729
Planning and development														—	—	—
Road transport		2,153	2,153	2,153	2,153	2,153	2,153	2,153	2,153	2,153	2,153	2,153	2,153	25,839	26,757	25,729
Environmental protection														—	—	—
<b>Trading services</b>		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Electricity														—	—	—
Water														—	—	—
Waste water management														—	—	—
Waste management														—	—	—
<b>Other</b>														—	—	—
<b>Total Expenditure - Standard</b>		6,828	6,828	6,828	6,828	6,828	6,828	6,828	6,828	6,828	6,828	6,828	6,828	81,934	84,467	86,601
<b>Surplus/(Deficit) before assoc.</b>		264	264	264	264	264	264	264	264	264	264	264	264	3,166	1,618	2,133
Share of surplus/ (deficit) of associate														—	—	—
<b>Surplus/(Deficit)</b>	1	264	264	264	264	264	264	264	264	264	264	264	264	3,166	1,618	2,133

**Table 32 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

KZN226 Mkhambathini - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Multi-year expenditure to be appropriated</b>	1															
Vote 1 - Executive and Council													-	-	-	-
Vote 2 - Municipal Manager													-	-	-	-
Vote 3 - Budget and Treasury Office													-	-	-	-
Vote 4 - Corporate Services													-	-	-	-
Vote 5 - Community Services													-	-	-	-
Vote 6 - Library													-	-	-	-
Vote 7 - Vehicle Registration and Testing													-	-	-	-
Vote 8 - Solid Waste													-	-	-	-
Vote 9 - Technical Services													-	-	-	-
Vote 10 - Technical Services													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>																
Vote 1 - Executive and Council		100	100	100	100	100	100	100	100	100	100	100	100	1,200	-	-
Vote 2 - Municipal Manager		12	12	12	12	12	12	12	12	12	12	12	12	140	140	140
Vote 3 - Budget and Treasury Office		12	12	12	12	12	12	12	12	12	12	12	12	140	140	140
Vote 4 - Corporate Services		12	12	12	12	12	12	12	12	12	12	12	12	140	140	140
Vote 5 - Community Services		12	12	12	12	12	12	12	12	12	12	12	12	140	140	140
Vote 6 - Library		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Vehicle Registration and Testing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Solid Waste		8	8	8	8	8	8	8	8	8	8	8	8	100	80	80
Vote 9 - Technical Services		1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,439	17,266	17,500	18,207
Vote 10 - Technical Services														-	-	-
Vote 11 - [NAME OF VOTE 11]														-	-	-
Vote 12 - [NAME OF VOTE 12]														-	-	-
Vote 13 - [NAME OF VOTE 13]														-	-	-
Vote 14 - [NAME OF VOTE 14]														-	-	-
Vote 15 - [NAME OF VOTE 15]														-	-	-
<b>Capital single-year expenditure sub-total</b>	2	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	19,126	18,140	18,847
<b>Total Capital Expenditure</b>	2	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	19,126	18,140	18,847

**Table 33 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

KZN226 Mkhambathini - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Capital Expenditure - Standard</b>	1															
<i>Governance and administration</i>		135	135	135	135	135	135	135	135	135	135	135	135	1,620	420	420
Executive and council		112	112	112	112	112	112	112	112	112	112	112	112	1,340	140	140
Budget and treasury office		12	12	12	12	12	12	12	12	12	12	12	12	140	140	140
Corporate services		12	12	12	12	12	12	12	12	12	12	12	12	140	140	140
<i>Community and public safety</i>		20	20	20	20	20	20	20	20	20	20	20	20	240	220	220
Community and social services		20	20	20	20	20	20	20	20	20	20	20	20	240	220	220
Sport and recreation														-	-	-
Public safety														-	-	-
Housing														-	-	-
Health														-	-	-
<i>Economic and environmental services</i>		1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,439	17,266	17,500	18,207
Planning and development														-	-	-
Road transport		1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,439	17,266	17,500	18,207
Environmental protection														-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity														-	-	-
Water														-	-	-
Waste water management														-	-	-
Waste management														-	-	-
<i>Other</i>														-	-	-
<b>Total Capital Expenditure - Standard</b>	2	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	19,126	18,140	18,847
<b>Funded by:</b>																
National Government		1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302	15,626	16,360	17,067
Provincial Government														-	-	-
District Municipality														-	-	-
Other transfers and grants														-	-	-
<b>Transfers recognised - capital</b>		1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302	15,626	16,360	17,067
<b>Public contributions &amp; donations</b>														-	-	-
<b>Borrowing</b>														-	-	-
<b>Internally generated funds</b>		292	292	292	292	292	292	292	292	292	292	292	292	3,500	1,780	1,780
<b>Total Capital Funding</b>		1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	19,126	18,140	18,847

**Table 34 MBRR SA30 - Budgeted monthly cash flow**

KZN226 Mkhambathini - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Cash Receipts By Source</b>													1		
Property rates	1,038	1,038	1,038	1,038	1,038	1,038	1,038	1,038	1,038	1,038	1,038	1,038	12,454	13,176	13,941
Property rates - penalties & collection charges	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - electricity revenue	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - water revenue	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue	42	42	42	42	42	42	42	42	42	42	42	42	500	529	560
Service charges - other	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Interest earned - external investments	138	138	138	138	138	138	138	138	138	138	138	138	1,650	1,746	1,847
Interest earned - outstanding debtors	98	98	98	98	98	98	98	98	98	98	98	98	1,176	1,244	1,316
Dividends received	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines	6	6	6	6	6	6	6	6	6	6	6	6	70	74	78
Licences and permits	327	327	327	327	327	327	327	327	327	327	327	327	3,923	4,150	4,391
Agency services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer receipts - operational	5,377	5,377	5,377	5,377	5,377	5,377	5,377	5,377	5,377	5,377	5,377	5,377	64,525	64,317	65,703
Other revenue	67	67	67	67	67	67	67	67	67	67	67	67	803	849	898
<b>Cash Receipts by Source</b>	<b>7,092</b>	<b>7,092</b>	<b>7,092</b>	<b>7,092</b>	<b>7,092</b>	<b>7,092</b>	<b>7,092</b>	<b>7,092</b>	<b>7,092</b>	<b>7,092</b>	<b>7,092</b>	<b>7,092</b>	<b>85,101</b>	<b>86,086</b>	<b>88,734</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302	15,626	16,360	17,067
Contributions recognised - capital & Contributed assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Proceeds on disposal of PPE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Short term loans	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in consumer deposits	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (Increase) in non-current debtors	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) other non-current receivables	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Cash Receipts by Source</b>	<b>8,394</b>	<b>8,394</b>	<b>8,394</b>	<b>8,394</b>	<b>8,394</b>	<b>8,394</b>	<b>8,394</b>	<b>8,394</b>	<b>8,394</b>	<b>8,394</b>	<b>8,394</b>	<b>8,394</b>	<b>100,727</b>	<b>102,446</b>	<b>105,801</b>
<b>Cash Payments by Type</b>															
Employee related costs	2,326	2,326	2,326	2,326	2,326	2,326	2,326	2,326	2,326	2,326	2,326	2,326	27,915	29,534	31,247
Remuneration of councillors	424	424	424	424	424	424	424	424	424	424	424	424	5,088	5,383	5,695
Finance charges	15	15	15	15	15	15	15	15	15	15	15	15	184	195	206
Bulk purchases - Electricity	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Bulk purchases - Water & Sewer	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other materials	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contracted services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and grants - other municipalities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and grants - other	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other expenditure	3,604	3,604	3,604	3,604	3,604	3,604	3,604	3,604	3,604	3,604	3,604	3,604	43,246	43,576	43,384
<b>Cash Payments by Type</b>	<b>6,369</b>	<b>6,369</b>	<b>6,369</b>	<b>6,369</b>	<b>6,369</b>	<b>6,369</b>	<b>6,369</b>	<b>6,369</b>	<b>6,369</b>	<b>6,369</b>	<b>6,369</b>	<b>6,369</b>	<b>76,433</b>	<b>78,688</b>	<b>80,532</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	—	—	—	—	—	—	—	—	—	—	—	19,126	19,126	18,140	18,847
Repayment of borrowing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other Cash Flow s/Payments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Cash Payments by Type</b>	<b>6,369</b>	<b>6,369</b>	<b>6,369</b>	<b>6,369</b>	<b>6,369</b>	<b>6,369</b>	<b>6,369</b>	<b>6,369</b>	<b>6,369</b>	<b>6,369</b>	<b>6,369</b>	<b>25,495</b>	<b>95,559</b>	<b>96,828</b>	<b>99,379</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>2,024</b>	<b>2,024</b>	<b>2,024</b>	<b>2,024</b>	<b>2,024</b>	<b>2,024</b>	<b>2,024</b>	<b>2,024</b>	<b>2,024</b>	<b>2,024</b>	<b>2,024</b>	<b>(17,102)</b>	<b>5,168</b>	<b>5,618</b>	<b>6,422</b>
Cash/cash equivalents at the month/year begin:	18,135	20,159	22,184	24,208	26,233	28,257	30,282	32,306	34,331	36,355	38,380	40,404	18,135	23,303	28,920
Cash/cash equivalents at the month/year end:	20,159	22,184	24,208	26,233	28,257	30,282	32,306	34,331	36,355	38,380	40,404	23,303	23,303	28,920	35,342

## **2.7 Annual budgets and SDBIPs – internal departments**

In terms of section 53(1)©(ii) the Mayor must take all reasonable steps to ensure that the municipality's service delivery and budget implementation plan is approved by the mayor within 28 days after the approval of the budget.

## **2.8 Capital expenditure details**

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.



Table MBRR SA 34a - Capital expenditure on new assets by asset class

## KZN226 Mkhambathini - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	<b>1</b>									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		5,266	6,201	5,000	14,351	14,351	14,351	15,626	16,360	17,067
Infrastructure - Road transport		5,266	6,201	5,000	14,351	14,351	14,351	15,626	16,360	17,067
Roads, Pavements & Bridges		5,266	6,201	5,000	14,351	14,351	14,351	15,626	16,360	17,067
Storm water										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation	2									
Gas										
Other	3									
<b>Community</b>		6,098	9,925	11,251	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia		2,323		6,000						
Swimming pools			7,875							
Community halls		3,221	1,525	2,500						
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other	8	554	525	2,751						
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<b>Other assets</b>		2,080	3,720	1,810	2,450	2,450	2,450	3,500	1,780	1,780
General vehicles				1,450	1,000	1,000	1,000	2,000	1,000	1,000
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		1,901	2,200		400	400	400			
Computers - hardware/equipment		127			850	850	850	350	350	350
Furniture and other office equipment		53	20		200	200	200	350	350	350
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land			1,500							
Surplus Assets - (Investment or Inventory)										
Other				360				800	80	80
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
<b>Total Capital Expenditure on new assets</b>	<b>1</b>	<b>13,445</b>	<b>19,846</b>	<b>18,061</b>	<b>16,801</b>	<b>16,801</b>	<b>16,801</b>	<b>19,126</b>	<b>18,140</b>	<b>18,847</b>

**Table 36 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

KZN226 Mkhambathini - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	<b>1</b>									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges										
Storm water										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation	2									
Gas										
Other	3									
<b>Community</b>		-	-	-	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<b>Other assets</b>		-	-	-	-	-	-	700	-	-
General vehicles										
Specialised vehicles										
Plant & equipment	10									
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings								700		
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
<b>Total Capital Expenditure on renewal of existing</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>700</b>	<b>-</b>	<b>-</b>

Table 37 MBRR SA34c - Repairs and maintenance expenditure by asset class

## KZN226 Mkhambathini - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	<b>1</b>									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		480	1,060	150	2,800	2,000	2,000	2,600	2,751	2,910
Infrastructure - Road transport		480	1,060	150	2,800	2,000	2,000	2,600	2,751	2,910
Roads, Pavements & Bridges		480	1,060	150	2,800	2,000	2,000	2,600	2,751	2,910
Storm water										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation										
Gas										
Other										
<b>Community</b>		-	1,060	1,500	1,500	1,500	1,500	1,400	1,481	1,567
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls				1,500	1,500	1,500	1,500	1,400	1,481	1,567
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other			1,060							
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings										
Other										
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<b>Other assets</b>		85	339	570	3,450	2,250	2,250	2,350	2,486	2,631
General vehicles				150	600	600	600	600	635	672
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		20	21	100	500	200	200	300	317	336
Computers - hardware/equipment					250	150	150	150	159	168
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings					1,600	800	800	700	741	784
Other Buildings		65	318							
Other Land										
Surplus Assets - (Investment or Inventory)										
Other				320	500	500	500	600	635	672
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
<b>Total Repairs and Maintenance Expenditure</b>	<b>1</b>	<b>565</b>	<b>2,459</b>	<b>2,220</b>	<b>7,750</b>	<b>5,750</b>	<b>5,750</b>	<b>6,350</b>	<b>6,718</b>	<b>7,108</b>

## 2.9 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme  
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the Municipality has successfully employed and trained 5 interns through this programme and a majority of them were appointed either in MKHAMBATHINI Municipality or other municipalities.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan  
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2016/17 MTREF in May 2016 directly aligned and informed by the 2016/17 MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.

## 2.10 Other supporting documents

Table 40 MBRR Table SA1 - Supporting detail to budgeted financial performance

KZN226 Mkhambathini - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>											
<b>REVENUE ITEMS:</b>											
<b>Property rates</b>	6										
Total Property Rates		6,722	8,489	13,039	12,991	12,991	12,991	12,991	13,911	14,718	15,572
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)			1,450	1,450	1,537	1,537	1,537	1,537	1,457	1,542	1,631
Net Property Rates		6,722	7,038	11,588	11,454	11,454	11,454	11,454	12,454	13,176	13,941
<b>Service charges - electricity revenue</b>	6										
Total Service charges - electricity revenue											
less Revenue Foregone (in excess of 50 kwh per indigent household per month)											
less Cost of Free Basis Services (50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-	-
Net Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-
<b>Service charges - water revenue</b>	6										
Total Service charges - water revenue											
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)											
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-	-
Net Service charges - water revenue		-	-	-	-	-	-	-	-	-	-
<b>Service charges - sanitation revenue</b>	6										
Total Service charges - sanitation revenue											
less Revenue Foregone (in excess of free sanitation service to indigent households)											
less Cost of Free Basis Services (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-	-
Net Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-
<b>Service charges - refuse revenue</b>	6										
Total refuse removal revenue									500	529	560
Total landfill revenue											
less Revenue Foregone (in excess of one removal a week to indigent households)											
less Cost of Free Basis Services (removed once a week to indigent households)		-	-	-	-	-	-	-	-	-	-
Net Service charges - refuse revenue		-	-	-	-	-	-	-	500	529	560
<b>Other Revenue by source</b>											
List other revenue by source				164							
Clearance Certificate		16	13	245	10	10	10	10	9	10	10
Tender Proposal		68	78		106	106	106	106	97	102	108
Commission Received		9	-		6	6	6	6	7	7	8
Building plans		106	127		231	231	231	231	346	366	388
Other Revenue		5	100		30	30	30	30	325	343	363
Library fees		11	0		0	0	0	0	20	20	21
Social Welfare		26	-								
Application fee (Planning)		19	-								
Subscription library		0	87								
Decrease in provision for bad debts	3	111	-								
Total 'Other' Revenue	1	371	406	410	384	384	384	384	803	849	898
<b>EXPENDITURE ITEMS:</b>											
<b>Employee related costs</b>											
Basic Salaries and Wages	2	12,066	15,199	14,569	20,078	20,078	20,078	20,078	20,112	21,278	22,512
Pension and UIF Contributions		1,942	1,660	3,455	2,223	2,223	2,223	2,223	3,727	3,943	4,172
Medical Aid Contributions		607	626	620	833	833	833	833	1,560	1,650	1,746
Overtime		735	757	710	855	855	855	855	1,060	1,121	1,187
Performance Bonus			1,390	917	828	828	828	828	1,299	1,375	1,454
Motor Vehicle Allowance		133	91	359	318	318	318	318	-	-	-
Cellphone Allowance		28	15	60	52	52	52	52	50	53	56
Housing Allowances		35	33	42	52	52	52	52	98	104	110
Other benefits and allowances		1,079	109	268	90	90	90	90	8	9	9
Payments in lieu of leave		899	509	411	423	423	423	423			
Long service awards			-	-							
Post-retirement benefit obligations	4		-	-							
sub-total	5	17,524	20,388	21,411	25,752	25,752	25,752	25,752	27,915	29,534	31,247
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	17,524	20,388	21,411	25,752	25,752	25,752	25,752	27,915	29,534	31,247
<b>Contributions recognised - capital</b>											
List contributions by contract											
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-

**Table 40 MBRR Table SA1 - Supporting detail to budgeted financial performance  
(Continued)**

<b>Depreciation &amp; asset impairment</b>										
Depreciation of Property, Plant & Equipment	3,547	4,039	6,772	4,700	4,700	4,700	4,700	4,800	5,078	5,373
Lease amortisation										
Capital asset impairment	25									
Depreciation resulting from revaluation of PPE										
<b>Total Depreciation &amp; asset impairment</b>	<b>3,572</b>	<b>4,039</b>	<b>6,772</b>	<b>4,700</b>	<b>4,700</b>	<b>4,700</b>	<b>4,700</b>	<b>4,800</b>	<b>5,078</b>	<b>5,373</b>
<b>Bulk purchases</b>										
Electricity Bulk Purchases										
Water Bulk Purchases										
<b>Total bulk purchases</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transfers and grants</b>										
Cash transfers and grants	-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants	7,197	8,808	7,734	-	-	-	-	-	-	-
<b>Total transfers and grants</b>	<b>7,197</b>	<b>8,808</b>	<b>7,734</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contracted services</b>										
List services provided by contract	286	-	-							
<b>sub-total</b>	<b>286</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Allocations to organs of state:</b>										
Electricity										
Water										
Sanitation										
Other										
<b>Total contracted services</b>	<b>286</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Expenditure By Type</b>										
Collection costs	174									
Contributions to 'other' provisions	1,329	555	800	800	800	800	800	700	700	700
Consultant fees			2,220	1,000	1,000	1,000	1,000	700	700	700
Audit fees	1,438	954	1,700	1,400	1,400	1,400	1,400	1,964	2,009	2,199
General expenses	6,782	2,080	5,242	32,563	32,563	32,563	32,563	9,230	9,746	10,106
<b>Job Creation</b>			5,500	2,415	2,415	2,415	2,415	1,800	1,904	2,015
water and electricity	1,041	2,507						530	561	593
FMG expenditure		1,500						1,825	1,900	2,155
LED	688	318						700	741	784
Sport and rec	500	530						1,000	1,058	1,119
Telephones	489	530						500	529	560
Electrification		-						10,000	10,000	8,000
EPWP expenditure		-						1,253	-	-
Library expenditure		-						1,264	1,318	1,375
MSIG expenditure		-						-	-	-
Arts & Cuklture		318						500	529	560
Information Tech	311	371						300	317	336
Disaster Manage		900						400	400	400
Fuel ands oil		890						650	688	728
Printing and stationery		530						400	423	448
Legal fees		424						500	529	560
Kwanloga		-						500	500	500
Rental of other equipment		212						600	635	672
ward committees	-	212						830	878	929
WCA		742						600	635	672
Pound expenditure		-						150	159	168
Repairs and Miantenance	306	191						6,350	6,718	7,108
<b>Total 'Other' Expenditure</b>	<b>13,056</b>	<b>13,763</b>	<b>15,462</b>	<b>38,179</b>	<b>38,179</b>	<b>38,179</b>	<b>38,179</b>	<b>43,246</b>	<b>43,576</b>	<b>43,384</b>
<b>Repairs and Maintenance by Expenditure Item</b>										
Employee related costs										
Other materials										
Contracted Services										
Other Expenditure	829	2,507	2,220	7,750	5,750	5,750	5,750	6,350	6,718	7,108
<b>Total Repairs and Maintenance Expenditure</b>	<b>829</b>	<b>2,507</b>	<b>2,220</b>	<b>7,750</b>	<b>5,750</b>	<b>5,750</b>	<b>5,750</b>	<b>6,350</b>	<b>6,718</b>	<b>7,108</b>

**Table 39 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**

KZN226 Mkhambathini - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Executive and Council	Vote 2 - Municipal Manager	Vote 3 - Budget and Treasury Office	Vote 4 - Corporate Services	Vote 5 - Community Services	Vote 6 - Library	Vote 7 - Vehicle Registration and Testing	Vote 8 - Solid Waste	Vote 9 - Technical Services	Vote 10 - Technical Services	Vote 11 - [NAME OF VOTE 11]	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
<b>R thousand</b>	<b>1</b>																
<b>Revenue By Source</b>																	
Property rates				12,454													12,454
Property rates - penalties & collection charges																	-
Service charges - electricity revenue																	-
Service charges - water revenue																	-
Service charges - sanitation revenue						500											500
Service charges - refuse revenue																	-
Service charges - other																	-
Rental of facilities and equipment																	-
Interest earned - external investments						1,650											1,650
Interest earned - outstanding debtors						1,176											1,176
Dividends received																	-
Fines						70											70
Licences and permits								3,923									3,923
Agency services																	-
Other revenue				335			19			449							802
Transfers recognised - operational				52,008		1,253	1,264			10,000							64,525
Gains on disposal of PPE																	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		-	-	64,797	-	4,649	1,283	3,923	-	10,449	-	-	-	-	-	-	85,100
<b>Expenditure By Type</b>																	
Employee related costs		1,236	1,699	3,952	5,902	4,476	902	3,737		6,011							27,915
Remuneration of councillors		5,088															5,088
Debt impairment				700													700
Depreciation & asset impairment				4,800													4,800
Finance charges				184													184
Bulk purchases																	-
Other materials																	-
Contracted services																	-
Transfers and grants																	-
Other expenditure		482	8	9,042	6,117	8,503	1,473	731		16,890							43,247
Loss on disposal of PPE																	-
<b>Total Expenditure</b>		6,806	1,708	18,678	12,019	12,980	2,374	4,468	-	22,901	-	-	-	-	-	-	81,934
<b>Surplus/(Deficit)</b>		(6,806)	(1,708)	46,119	(12,019)	(8,330)	(1,092)	(545)	-	(12,452)	-	-	-	-	-	-	3,167
Transfers recognised - capital										15,626							15,626
Contributions recognised - capital																	-
Contributed assets																	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		(6,806)	(1,708)	46,119	(12,019)	(8,330)	(1,092)	(545)	-	3,174	-	-	-	-	-	-	18,793

**Table 40 MBRR Table SA3 – Supporting detail to Statement of Financial Position**

KZN226 Mkhambathini - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>											
<b>ASSETS</b>											
<u>Call investment deposits</u>											
Call deposits < 90 days											
Other current investments > 90 days		17,745	5,256	14,080	10,000	20,000	20,000	20,000	12,000	12,000	12,000
<b>Total Call investment deposits</b>	2	17,745	5,256	14,080	10,000	20,000	20,000	20,000	12,000	12,000	12,000
<u>Consumer debtors</u>											
Consumer debtors		2,895	3,456	12,202	6,500	18,500	18,500	18,500	12,000	11,000	10,000
<u>Less: Provision for debt impairment</u>				(4,890)	(3,000)	(9,122)	(9,122)	(9,122)	(5,590)	(6,650)	(6,650)
<b>Total Consumer debtors</b>	2	2,895	3,456	7,312	3,500	9,378	9,378	9,378	6,410	4,350	3,350
<u>Debt impairment provision</u>											
Balance at the beginning of the year				2,630	2,632	7,522	7,522	7,522	4,890	5,950	6,950
Contributions to the provision				2,258	800	1,600	1,600	1,600	700	700	700
Bad debts written off											
<b>Balance at end of year</b>		-	-	4,888	3,432	9,122	9,122	9,122	5,590	6,650	7,650
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		74,131	91,188	116,465	112,648	112,648	112,648	135,766	154,892	173,032	191,879
Leases recognised as PPE											
<u>Less: Accumulated depreciation</u>		9,813	11,584	21,978	4,700	4,700	4,700	26,678	26,678	31,756	37,129
<b>Total Property, plant and equipment (PPE)</b>	2	64,318	79,604	94,487	107,948	107,948	107,948	109,088	128,214	141,276	154,750
<b>LIABILITIES</b>											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities											
<b>Total Current liabilities - Borrowing</b>		-	-	-	-	-	-	-	-	-	-
<u>Trade and other payables</u>											
Trade and other creditors		3,583	7,062	11,476	7,000	7,000	7,000	7,000	6,000	6,000	6,000
Unspent conditional transfers		9,947									
VAT											
<b>Total Trade and other payables</b>	2	13,530	7,062	11,476	7,000	7,000	7,000	7,000	6,000	6,000	6,000
<u>Non current liabilities - Borrowing</u>											
Borrowing											
Finance leases (including PPP asset element)											
<b>Total Non current liabilities - Borrowing</b>	4	-	-	-	-	-	-	-	-	-	-
<u>Provisions - non-current</u>											
Retirement benefits											
List other major provision items											
Refuse landfill site rehabilitation											
Other		1,329	1,865	2,200	2,400	2,400	2,400	2,400	2,600	2,800	3,000
<b>Total Provisions - non-current</b>		1,329	1,865	2,200	2,400	2,400	2,400	2,400	2,600	2,800	3,000
<b>CHANGES IN NET ASSETS</b>											
<u>Accumulated Surplus/(Deficit)</u>											
Accumulated Surplus/(Deficit) - opening balance		33,719	35,809	71,770	105,346	96,951	96,951	96,951	117,930	136,724	154,703
GRAP adjustments											
Restated balance		33,719	35,809	71,770	105,346	96,951	96,951	96,951	117,930	136,724	154,703
Surplus/(Deficit)		11,629	7,912	25,181	27,178	20,979	20,979	20,979	18,794	17,979	19,196
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
<b>Accumulated Surplus/(Deficit)</b>	1	45,348	43,721	96,951	132,524	117,930	117,930	117,930	136,724	154,703	173,899
<u>Reserves</u>											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation		14,330	13,673	12,826	11,000	11,000	11,000	11,979	11,132	10,286	9,439
<b>Total Reserves</b>	2	14,330	13,673	12,826	11,000	11,000	11,000	11,979	11,132	10,286	9,439
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	59,678	57,394	109,777	143,524	128,930	128,930	129,909	147,856	164,989	183,338



**Table 41 MBRR Table SA9 – Social, economic and demographic statistics and assumptions**

KZN226 Mkhambathini - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>												
Population						59	59	59	59	59	59	59
Females aged 5 - 14						8	8	8	8	8	8	8
Males aged 5 - 14						7	7	7	7	7	7	7
Females aged 15 - 34						11	11	11	11	11	11	11
Males aged 15 - 34						10	10	10	10	10	10	10
Unemployment						8	8	8	8	8	8	8
<b>Monthly household income (no. of households)</b>	1, 12											
No income												
R1 - R1 600												
R1 601 - R3 200												
R3 201 - R6 400												
R6 401 - R12 800												
R12 801 - R25 600												
R25 601 - R51 200												
R52 201 - R102 400												
R102 401 - R204 800												
R204 801 - R409 600												
R409 601 - R819 200												
> R819 200												
<b>Poverty profiles (no. of households)</b>												
< R2 060 per household per month	13											
Insert description	2											
<b>Household/demographics (000)</b>												
Number of people in municipal area						59	59	59	59	59	59	59
Number of poor people in municipal area												
Number of households in municipal area												
Number of poor households in municipal area												
Definition of poor household (R per month)						2,160	2,160	2,160	2,160	2,160	2,160	2,160
<b>Housing statistics</b>	3											
Formal						3,797	3,797	3,797	3,797	3,797	3,797	3,797
Informal						481	481	481	481	481	481	481
<b>Total number of households</b>			-	-	-	4,278	4,278	4,278	4,278	4,278	4,278	4,278
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
<b>Total new housing dwellings</b>			-	-	-	-	-	-	-	-	-	-
<b>Economic</b>	6											
Inflation/inflation outlook (CPIX)						5.4%	5.4%	5.4%	5.4%	6.0%	5.8%	5.8%
Interest rate - borrowing						8.0%	8.0%	8.0%	8.0%	6.0%	5.8%	5.8%
Interest rate - investment						7.0%	7.0%	7.0%	7.0%	6.0%	5.8%	5.8%
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
<b>Collection rates</b>	7											
Property tax/service charges						80.0%	85.0%	60.0%	65.0%	70.0%	75.0%	80.0%
Rental of facilities & equipment												
Interest - external investments						8.0%	8.0%	8.0%	8.0%	6.0%	6.0%	6.0%
Interest - debtors						6.0%	6.0%	6.0%	6.0%	0.0%	0.0%	0.0%
Revenue from agency services												

**MUNICIPAL NOTICE NO. .... /2015**

**AMENDMENT TO TARIFFS: 2016/2017 FINANCIAL YEAR**

Notice is hereby given in terms of Section 75A(3)(b) of the Local Government: Municipal Systems Act (Act 32 of 2000), that MKHAMBATHINI Municipal Council by Resolution taken on 24 May 2016 resolved to amend the following tariffs as indicated:

The date on which this notice was first displayed on the municipal notice board is 1 June 2016

These tariffs will come into operation on 1 July 2016.

T C Ndlela  
Municipal Manager  
MKHAMBATHINI Municipality  
Private Bag X04  
**CAMPERDOWN**  
3720

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**MUNICIPAL NOTICE NO: .../ 2015**

**ASSESSMENT OF GENERAL RATES FOR 2016/ 2017**

Notice is hereby given in terms of Section 14 of the Local Government: Municipal Property Rates Act No 6 of 2004, that by Resolution taken on 29 May 2016 the Council of MKHAMBATHINI Municipality has resolved to determine the rates payable on all ratable property within the area of MKHAMBATHINI Municipality for the financial year 1 July 2016 to 30 June 2017

All rebates and exemptions are contained in the Rates Policy and may in certain instances be applied to the rate as assessed above.

General:

1. Rates will be payable monthly in eleven (11) equal installments with the first installment payable on 31 August 2016 and the last installment payable on the 30 June 2017.
2. The date on which the determination of rates came into operation is 01 July 2016.
3. Any rates remaining unpaid for a period longer than 3 months will be subject to legal action to be instituted to recover the arrear amount.
4. Any rates that are not paid on the due date will be subject to interest at the rate of 1% per month or part thereof.
5. The date on which the notice was first displayed on the Municipal Notice Board is 01 June 2016.
6. This notice is also available on MKHAMBATHINI Municipality's website [www.MKHAMBATHINI.gov.za](http://www.MKHAMBATHINI.gov.za)

T C Ndlela

Municipal Manager

MKHAMBATHINI Municipality

Private Bag X04

**CAMPERDOWN**

3720

## **2.11 Municipal manager's quality certificate**

OFFICE OF THE MUNICIPAL MANAGER

### QUALITY CERTIFICATE

I, T C Ndlela, Municipal Manager of Mkhambathini Local Municipality, hereby certify that the Draft Budget and SDBIP with the supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and the budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

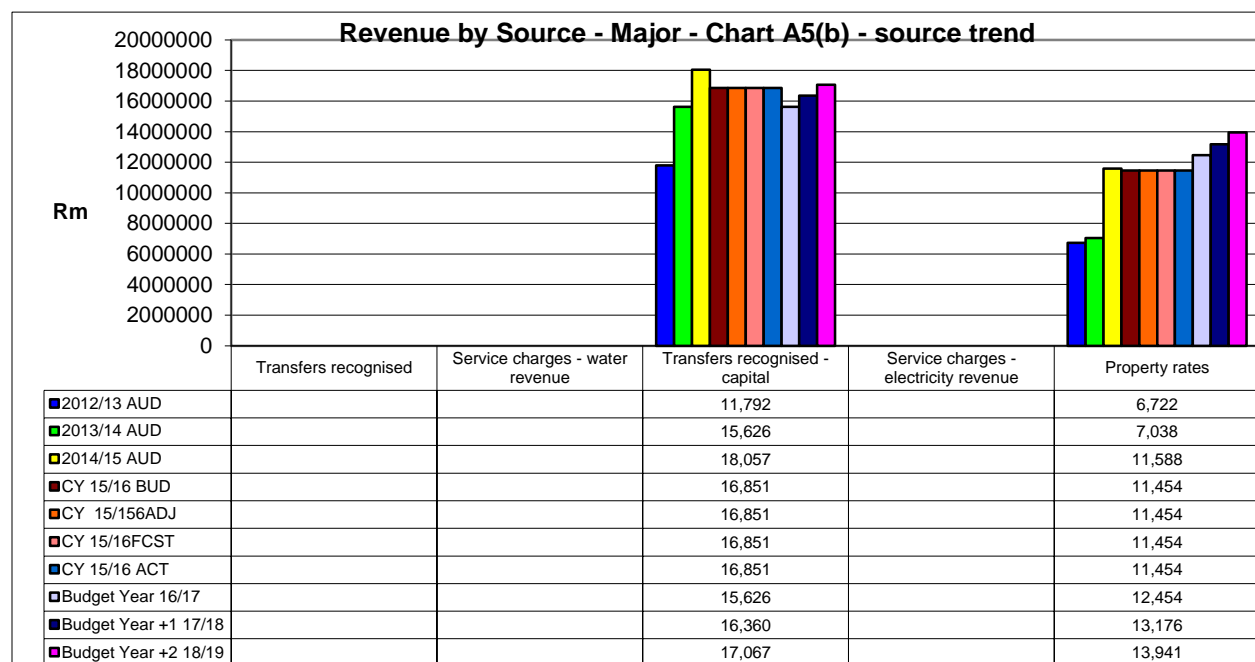
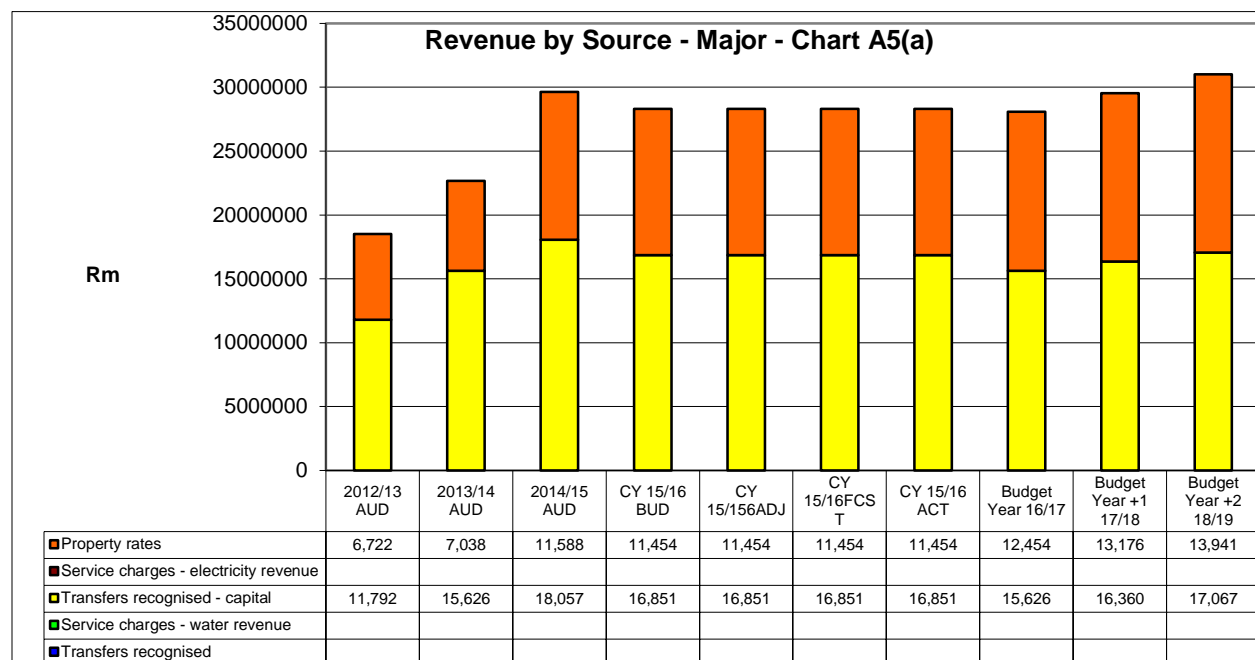
Print Name: T C Ndlela

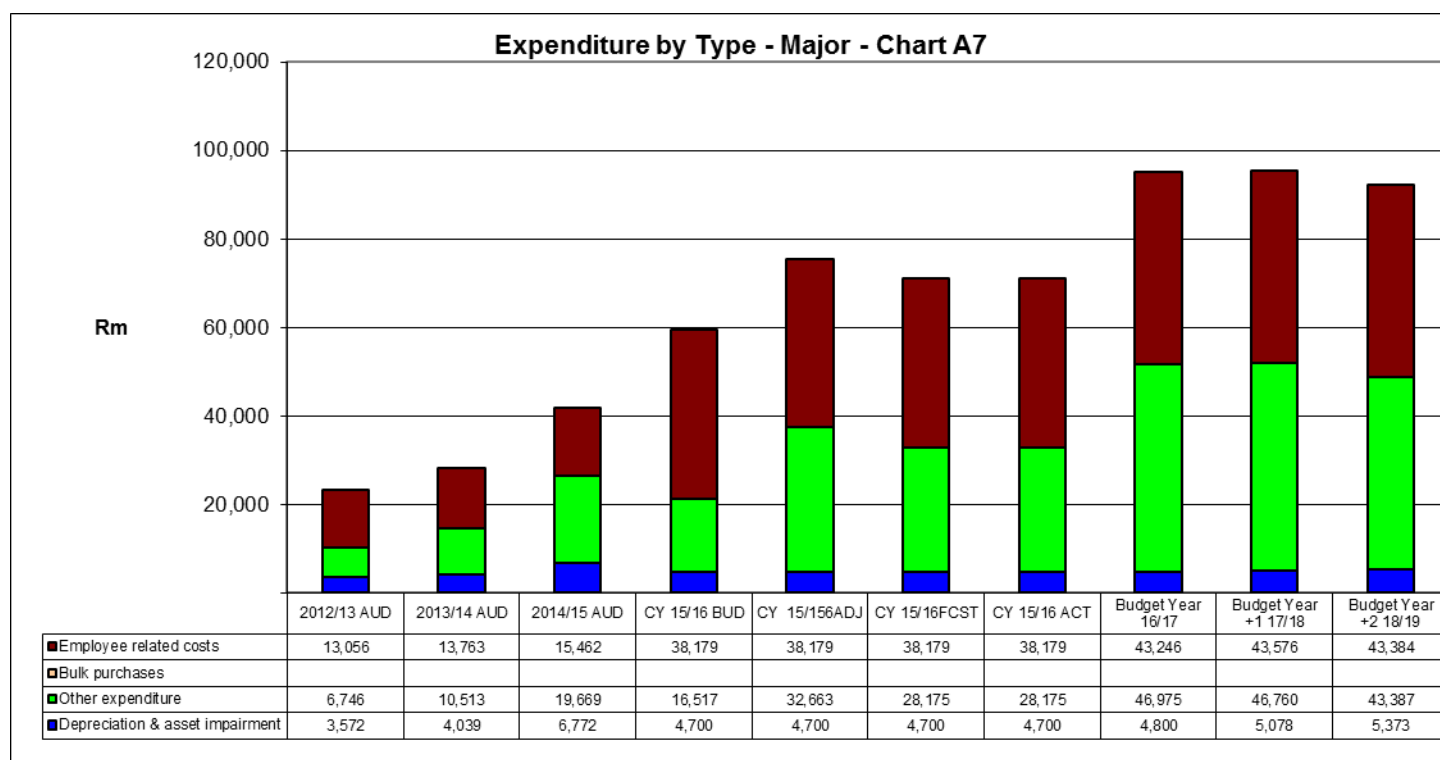
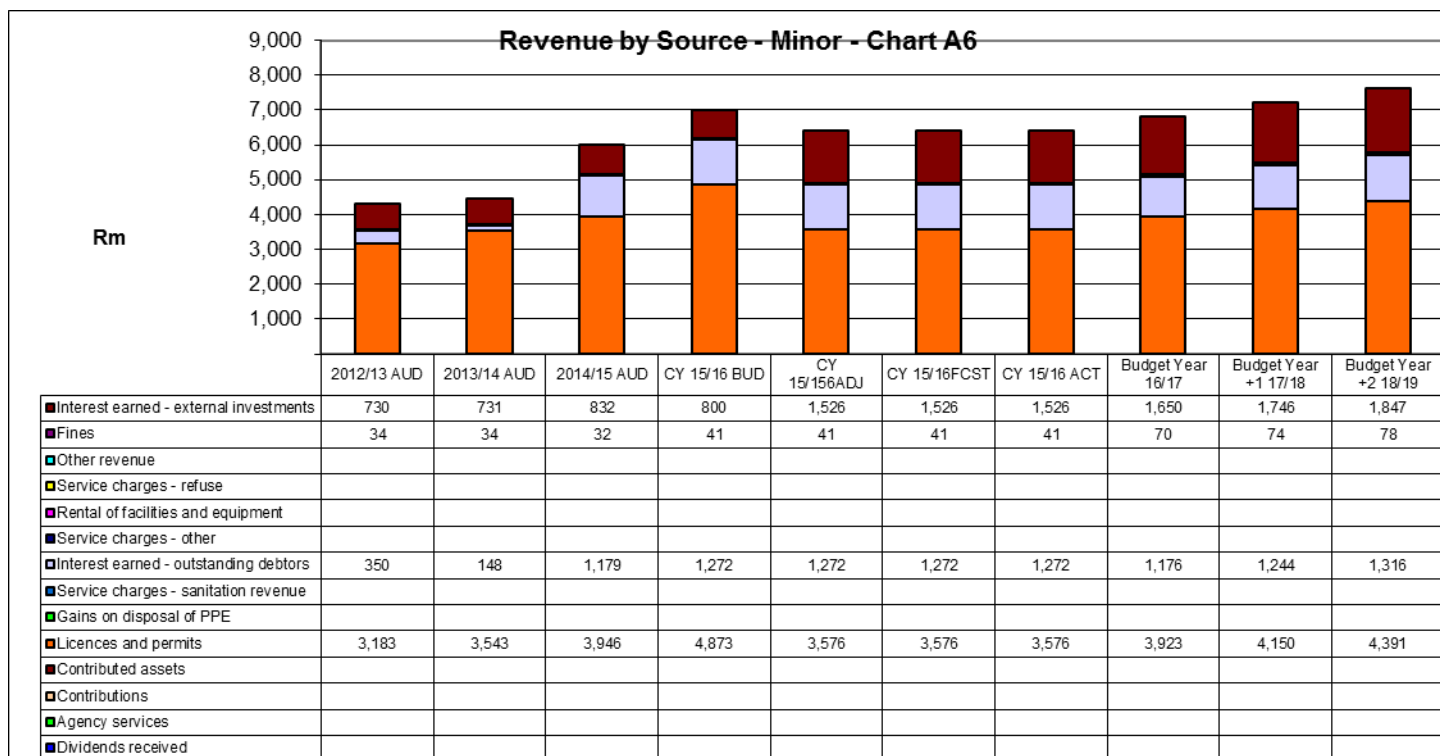
Municipal Manager of Mkhambathini Local Municipality KZ226

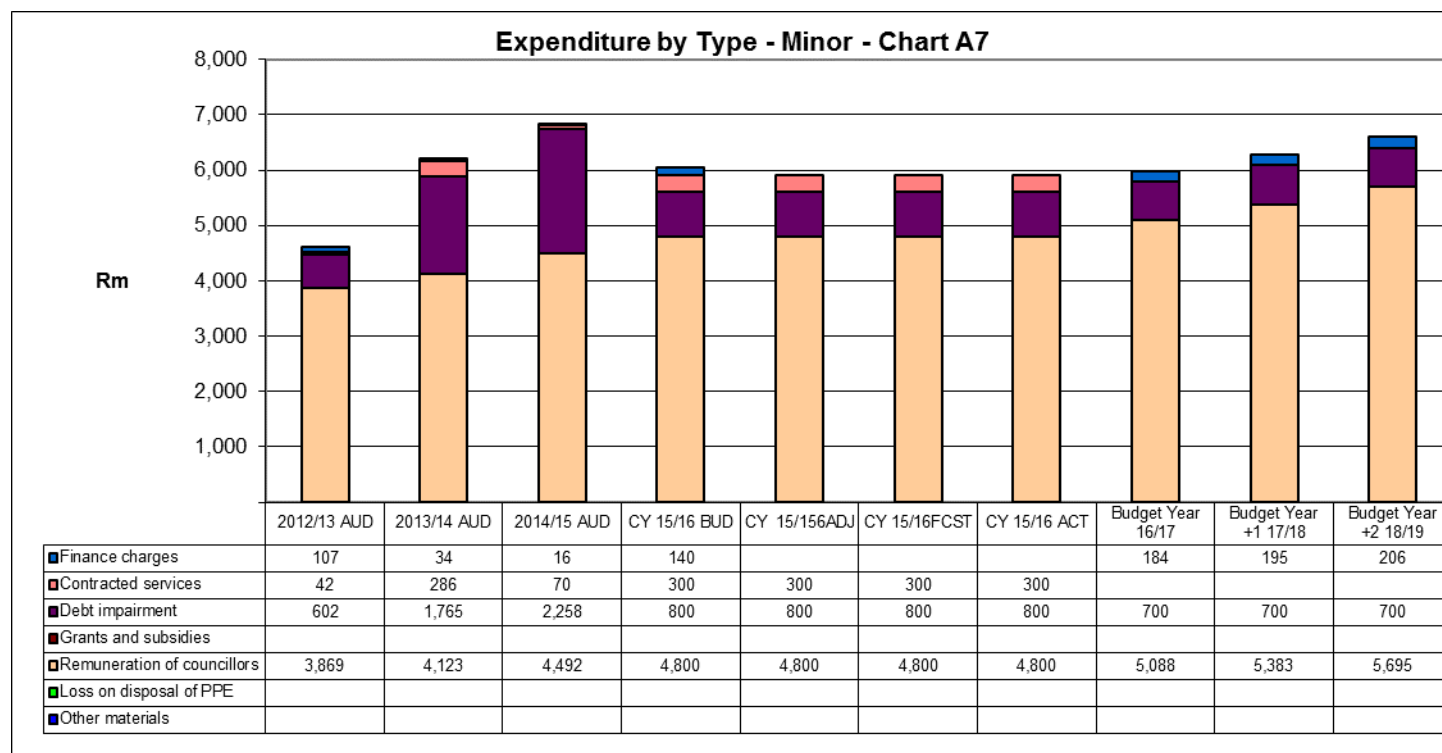
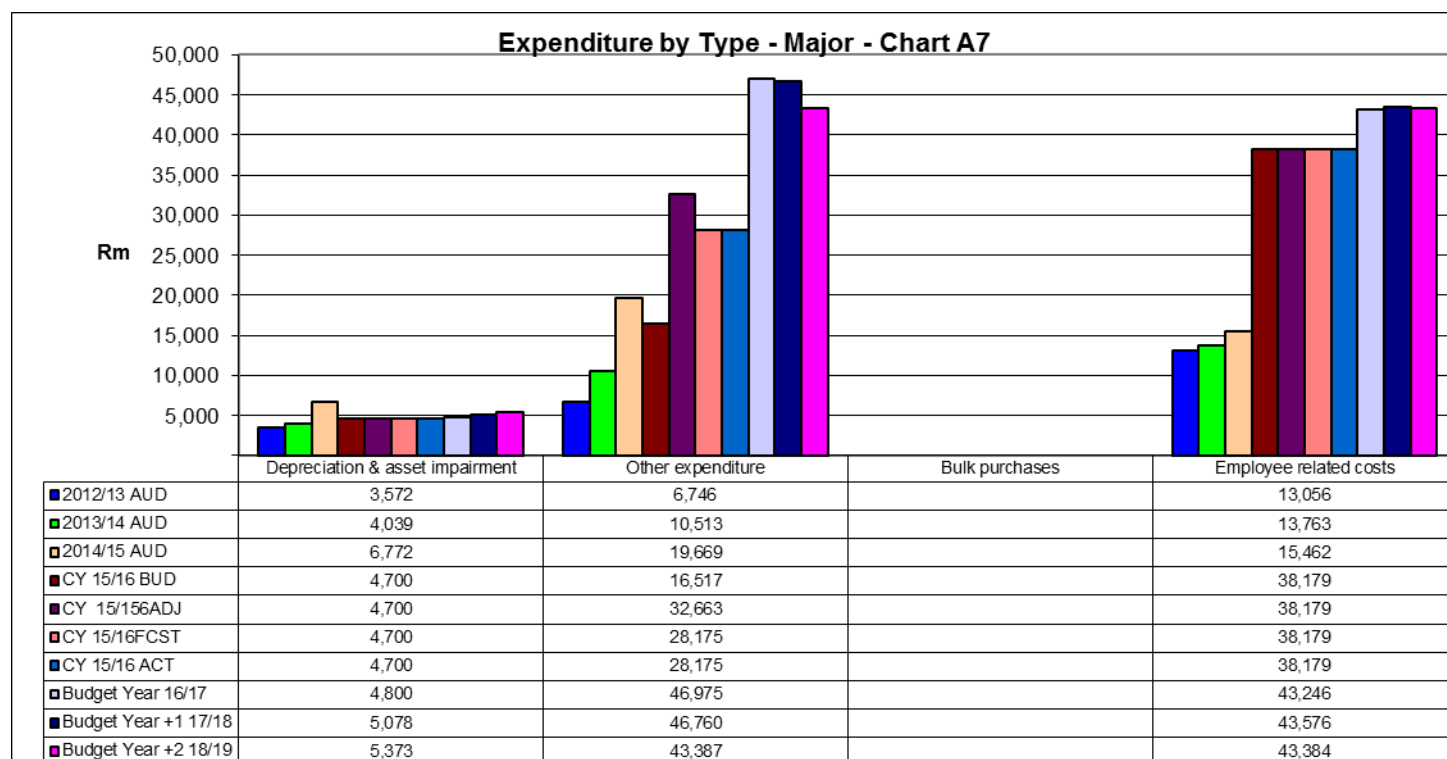
Signature: \_\_\_\_\_

Date: \_\_\_\_\_

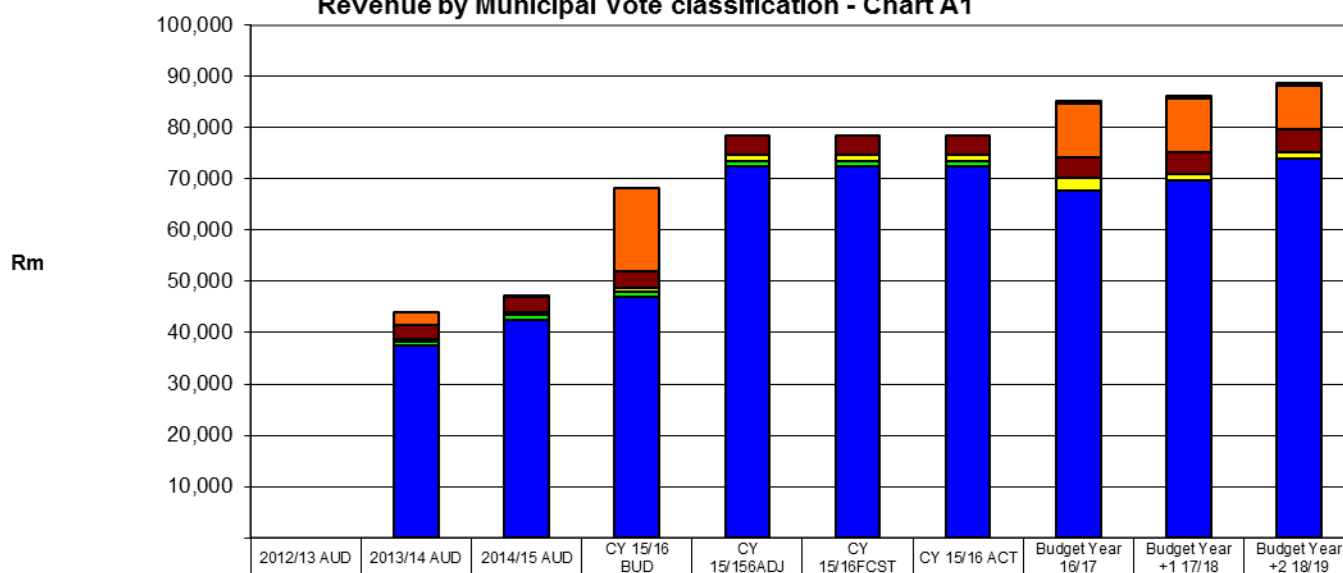
## CHARTS FROM SCHEDULE A2



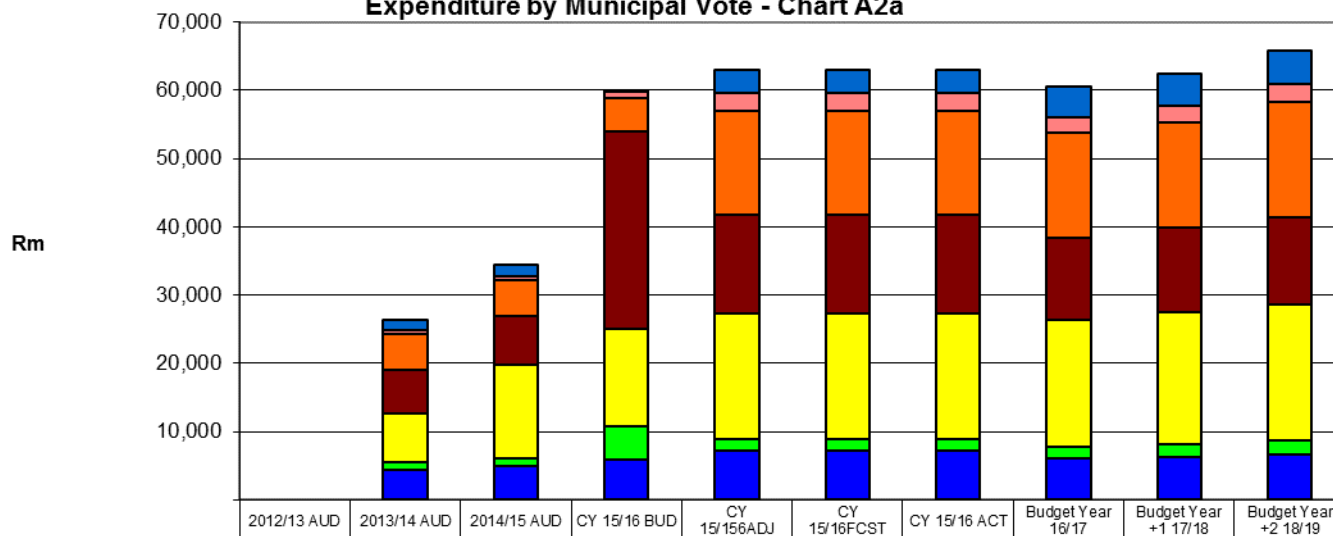




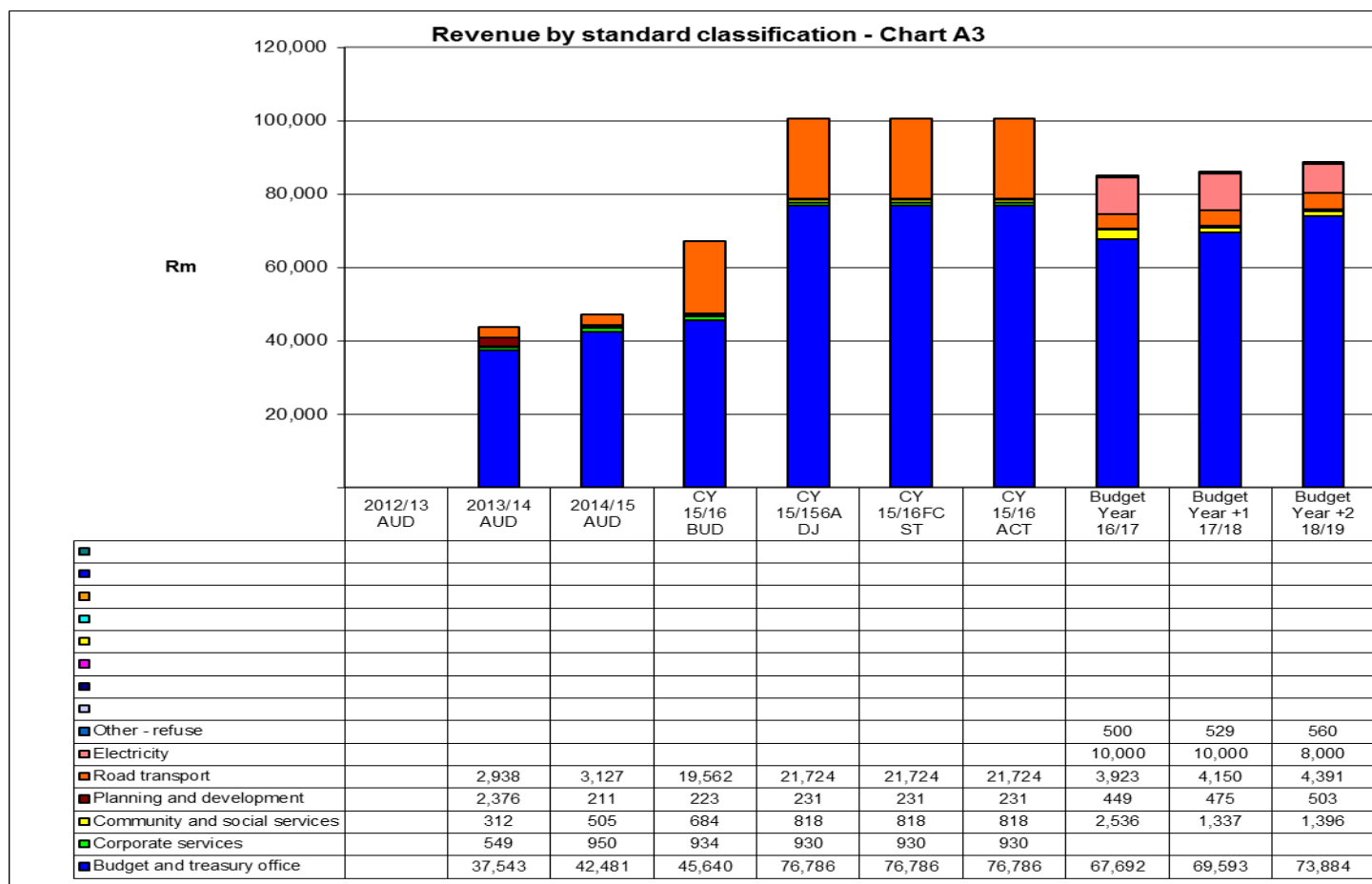
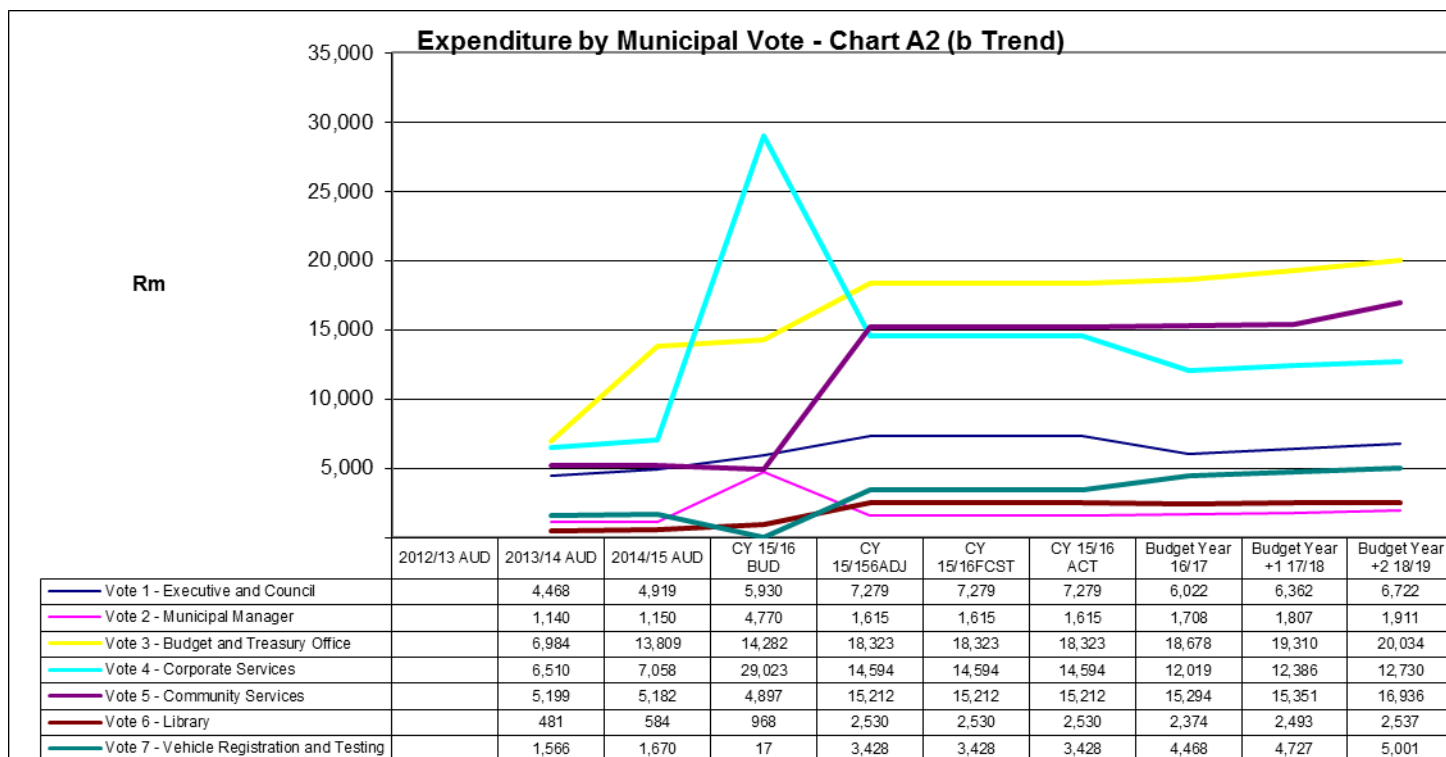
Revenue by Municipal Vote classification - Chart A1

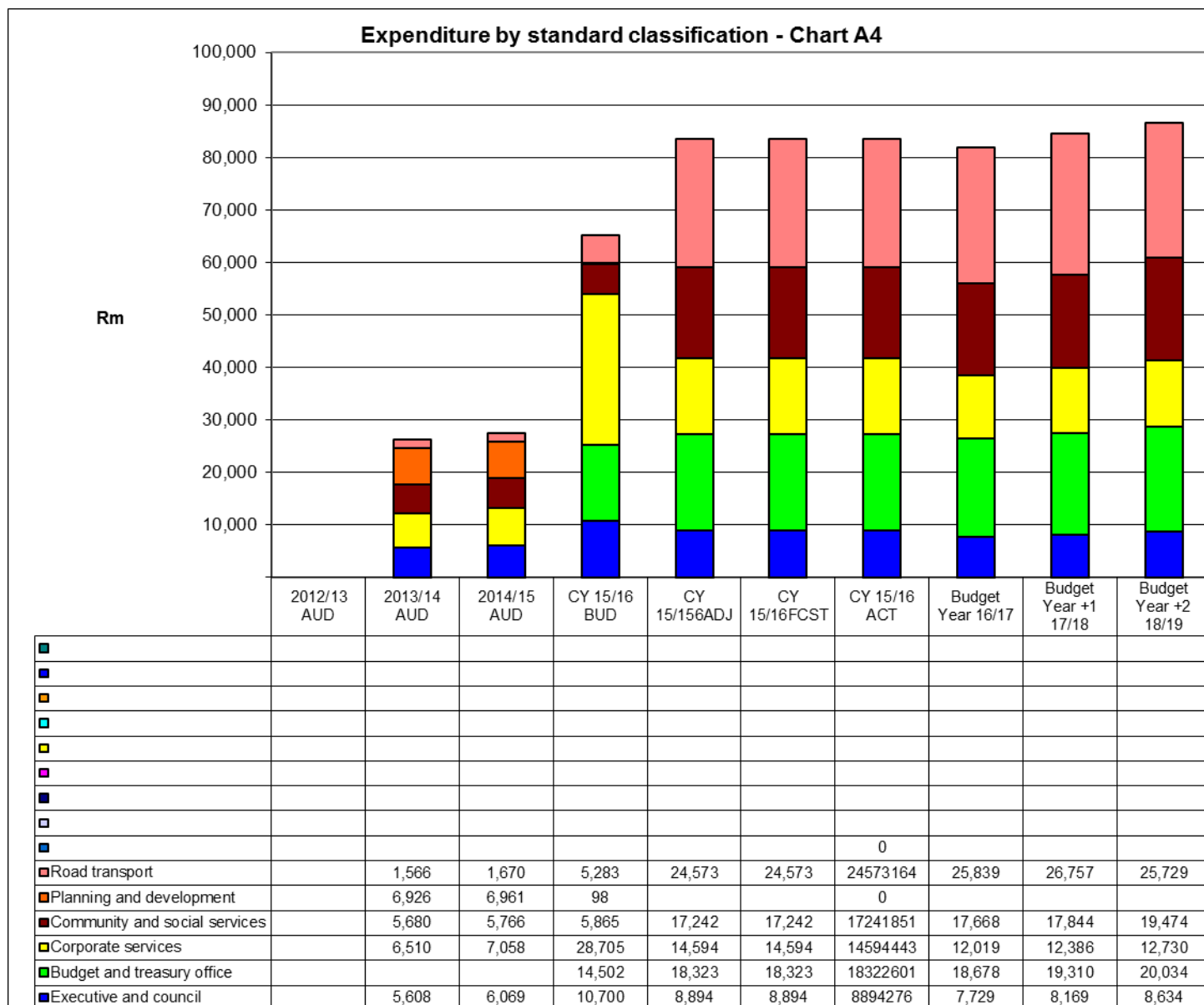


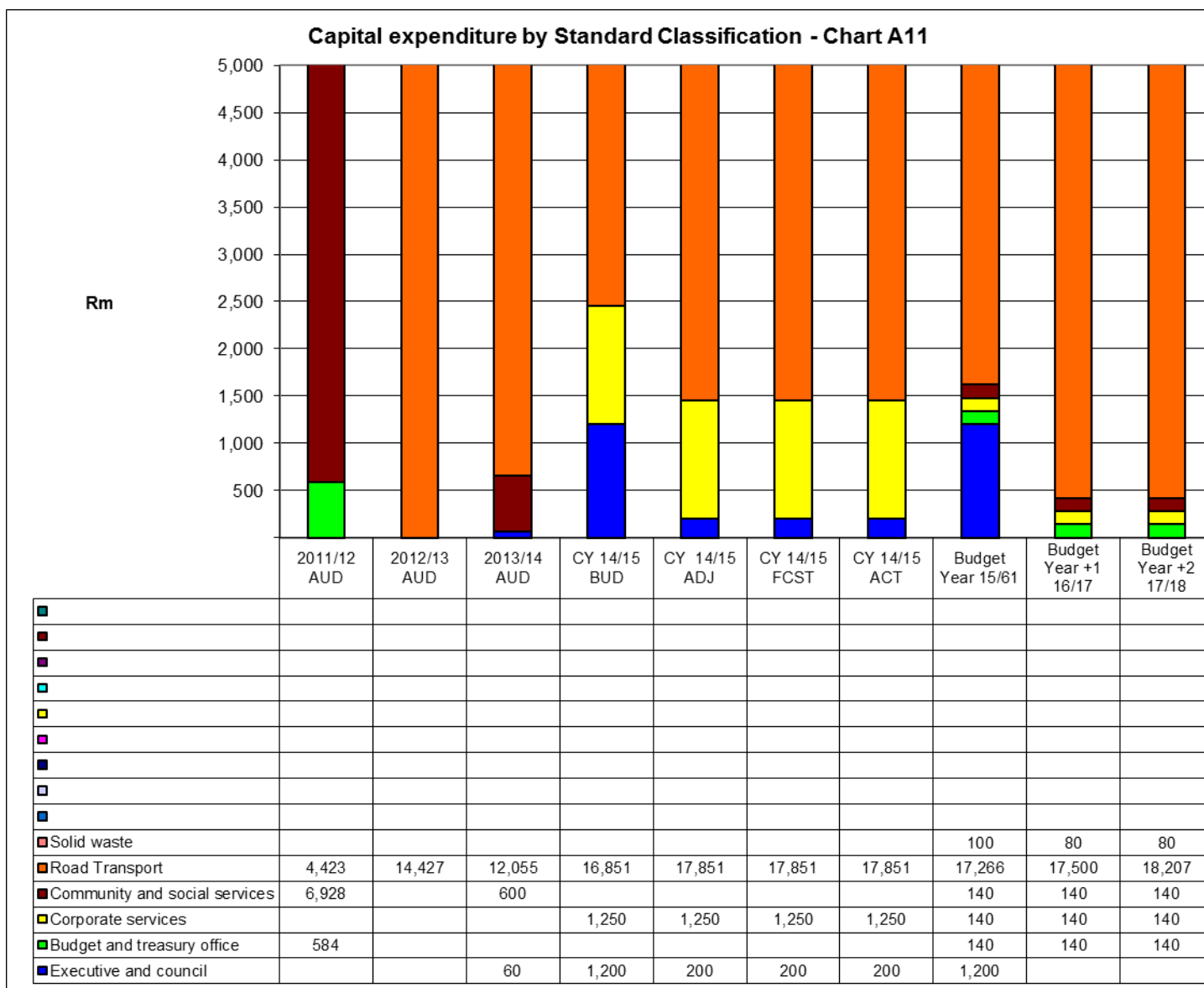
Expenditure by Municipal Vote - Chart A2a

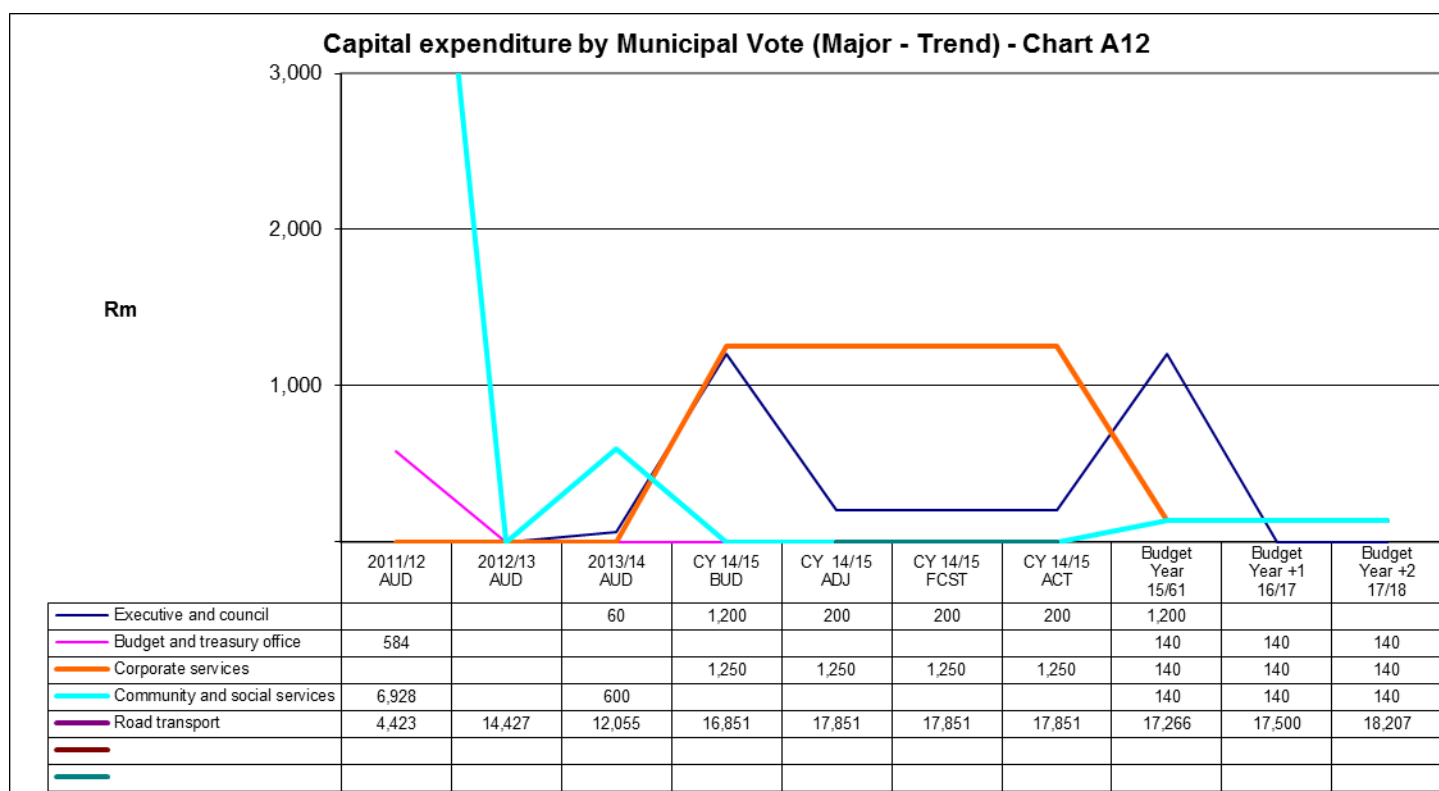
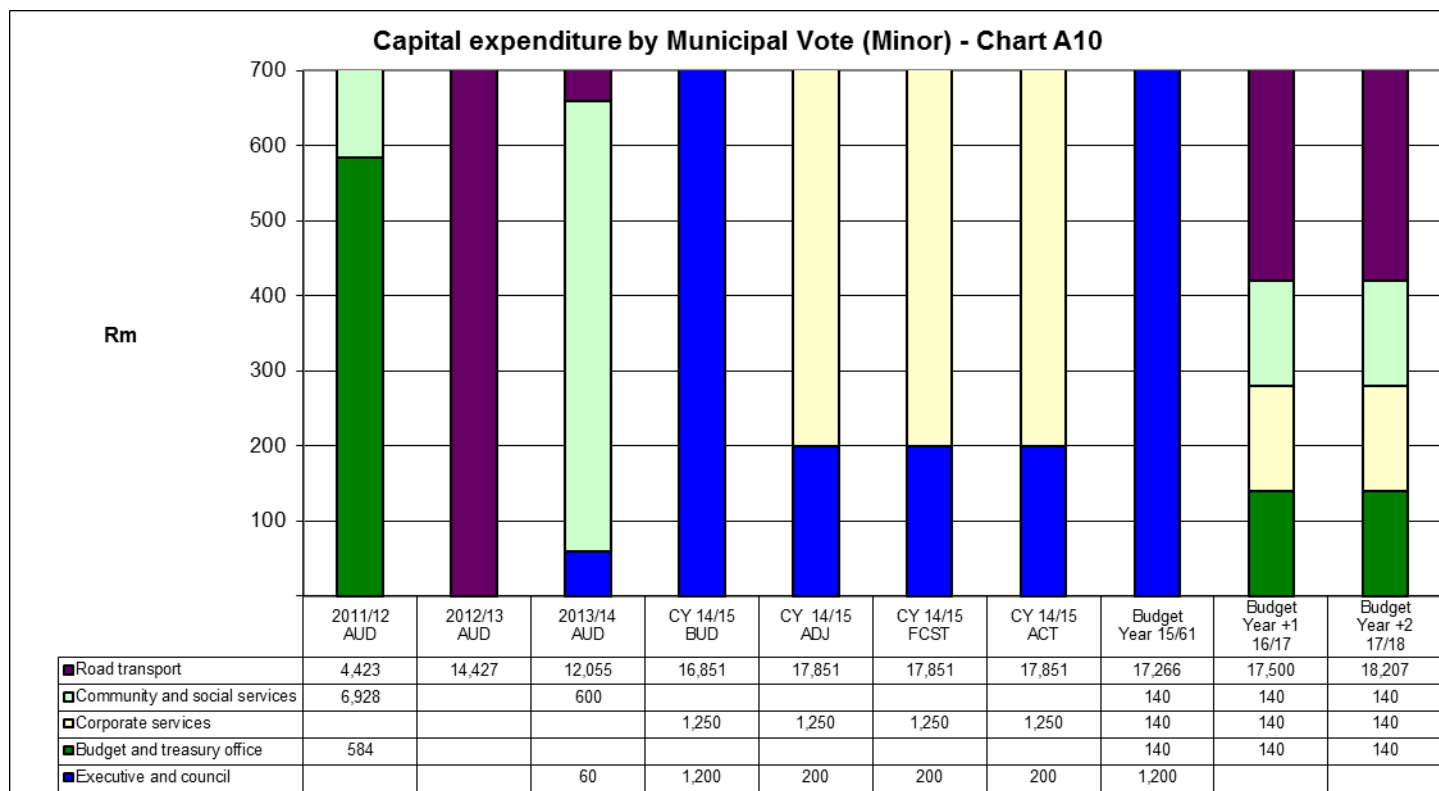


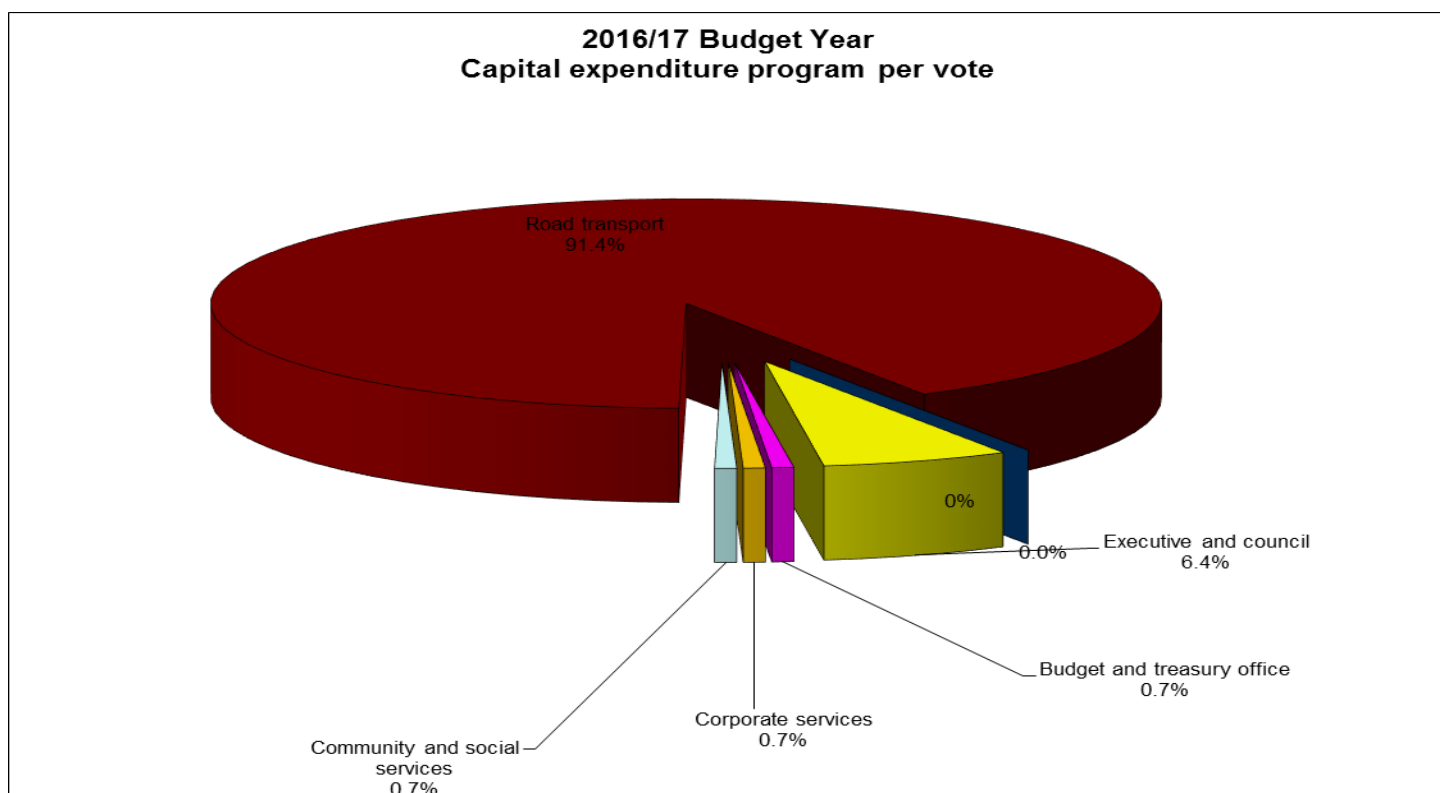
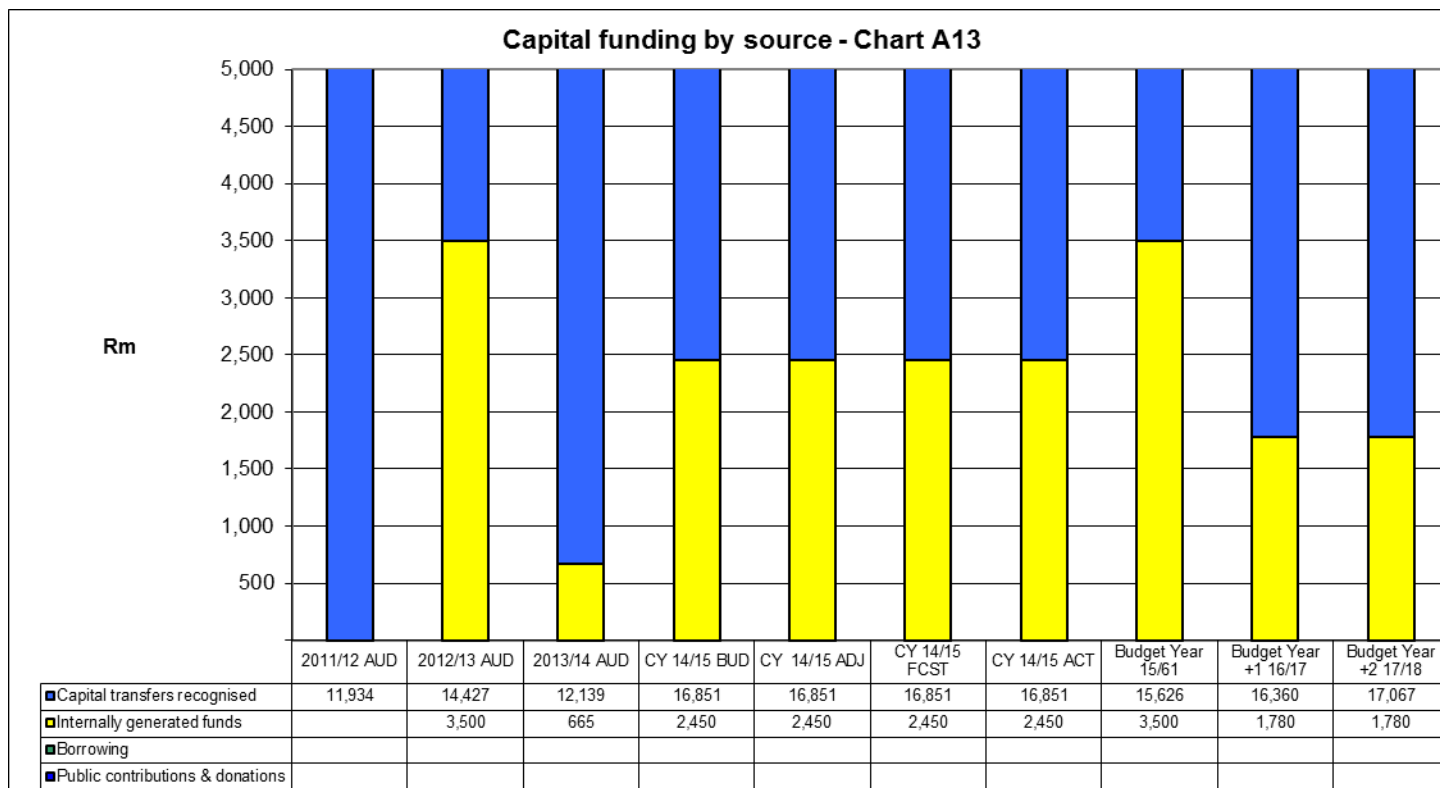












**MKHAMBATHINI MUNICIPALITY**  
**SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN 2016/2017**



All municipalities are required in terms of the Municipal Finance Management Act to prepare the Service Delivery and Budget Implementation Plan. The SDBIP is intended to give effect to the Integrated Development Plan and the budget

**1.1 Legislative Framework**

- The Municipal Systems Act 32 of 2000 requires all municipalities to adopt an Integrated Development Plan that identifies developmental priorities and align municipal resources and capacity with the implementation plan. The Integrated Development Plan among other things captures the vision, strategic objectives, key performance indicators, strategies and the financial plan.
- The Municipal Finance Management Act 56 of 2003 places an obligation on Municipalities to prepare an annual budget which sets out indicative revenue per source and projected expenditure by vote.
- In terms of Sec 53 (1) c) (ii) and 68 (3) (a) of the Municipal Finance Management Act 56 of 2003, municipalities are required to prepare the Service Delivery and Budget Implementation Plan. The Act defines the plan as a detailed plan approved by the Mayor of a Municipality for implementing the municipality's delivery of services and its annual budget, and which must indicate
  - a) Projections for each month of –
    - i) Revenue to be collected, by source, and
    - ii) Operational and capital expenditure, by vote
  - b) Service delivery targets and performance indicators for each quarter;
  - c) Any other matter that may be prescribed and includes any revision of such plan by the mayor in terms of section 54 (1) c)

**1.2 Overview**

The Integrated Development Plan serves as a vital instrument to express the developmental objectives and priorities of the municipality. It identifies the strategic issues that need to be addressed by the municipality to fulfill the developmental mandate as pronounced in the constitution of the Republic of South Africa

**2. Background to the Budget Preparation Process**

Mkhambathini municipality has prepared its budget in accordance with the provisions of chapter 4 of the Municipal Finance Management Act 56 of 2003. The budget focuses on priorities identified in the Integrated Development Plan. It therefore gives effect to strategic priorities of the municipality. The powers and functions assigned to the municipality serve as a guide in the process of developing the municipal budget. The schedule of key deadlines were tabled on 31 August 2015 following the adoption of the draft IDP review. The tabling of the Budget at Council on the 24 May 2016 was followed by extensive publication of the budget, inviting comments from all municipal stakeholders. Various public and community consultative meetings were conducted to receive representations and submissions from ward committees, residents, community organizations, organized business and other stakeholder formations, which resulted from the adjustment budget 2015/2016.

**MKHAMBATHINI Municipality      2016/17 Annual Budget and MTREF**

COMPONENT 1 - MONTHLY PROJECTIONS OF REVENUE    BY SOURCE

	Budget July 2016	Budget August 2016	Budget September 2016	Budget October 2016	Budget November 2016	Budget December 2016	Budget January 2016	Budget February 2016	Budget March 2016	Budget April 2016	Budget May 2016	Budget June 2016	Budget Full Year 2016/2017
<b>Monthly Projections of Revenue by Source</b>													
Property rates	1,037,829	1,037,829	1,037,829	1,037,829	1,037,829	1,037,829	1,037,829	1,037,829	1,037,829	1,037,829	1,037,829	1,037,829	12,453,953
Service Charges Electricity													
Service Charges – Water													
Service Charges Sanitation													
Service Charges -Refuse	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	500,000
Service Charges- Other													
Rental Facilities and Equipment													
Interest earned - external investment	137,500	137,500	137,500	137,500	137,500	137,500	137,500	137,500	137,500	137,500	137,500	137,500	1,650,000
Interest earned Outstanding Debtors	98,003	98,003	98,003	98,003	98,003	98,003	98,003	98,003	98,003	98,003	98,003	98,003	1,176,039
Government grants- Operational	5,377,083	5,377,083	5,377,083	5,377,083	5,377,083	5,377,083	5,377,083	5,377,083	5,377,083	5,377,083	5,377,083	5,377,083	64,525,000
Licences and permits	326,913	326,913	326,913	326,913	326,913	326,913	326,913	326,913	326,913	326,913	326,913	326,913	3,922,956
Other Income	66,949	66,949	66,949	66,949	66,949	66,949	66,949	66,949	66,949	66,949	66,949	66,949	803,393
Fines	5,838	5,838	5,838	5,838	5,838	5,838	5,838	5,838	5,838	5,838	5,838	5,838	70,051
<b>Total Revenue by Source</b>	<b>7,091,783</b>	<b>7,091,783</b>	<b>7,091,783</b>	<b>7,091,783</b>	<b>7,091,783</b>	<b>7,091,783</b>	<b>7,091,783</b>	<b>7,091,783</b>	<b>7,091,783</b>	<b>7,091,783</b>	<b>7,091,783</b>	<b>7,091,783</b>	<b>85,101,392</b>

COMPONENT 2 - MONTHLY PROJECTIONS OF OPERATING EXPENDITURE BY VOTE													Year Total 2016/2017
	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	
<b>OPERATING EXPENDITURE BY VOTE</b>													
<b>DEPARTMENT: MUNICIPAL MANAGER</b>													
<b>Vote: Governance and Administration</b>													
<b>Function: Executive &amp; Council</b>													
<b>Sub-function: Council</b>	501,801	501,801	501,801	501,801	501,801	501,801	501,801	501,801	501,801	501,801	501,801	501,801	6,021,612
<b>Sub-function: Municipal Manager</b>	142,301	142,301	142,301	142,301	142,301	142,301	142,301	142,301	142,301	142,301	142,301	142,301	1,707,606
<b>DEPARTMENT: CORPORATE SERVICES</b>													
<b>Vote: Governance and Administration</b>													
<b>Function: Corporate Services</b>	1,001,607	1,001,607	1,001,607	1,001,607	1,001,607	1,001,607	1,001,607	1,001,607	1,001,607	1,001,607	1,001,607	1,001,607	12,019,282
<b>DEPARTMENT: BUDGET &amp; TREASURY</b>													
<b>Vote: Governance and Administration</b>													
<b>Function: Budget &amp; Treasury</b>	1,556,506	1,556,506	1,556,506	1,556,506	1,556,506	1,556,506	1,556,506	1,556,506	1,556,506	1,556,506	1,556,506	1,556,506	18,678,071
<b>DEPARTMENT: COMMUNITY SERVICES</b>													
<b>Vote: Community and Public Safety</b>													
<b>Function: Community &amp; Social Services</b>	1,274,479	1,274,479	1,274,479	1,274,479	1,274,479	1,274,479	1,274,479	1,274,479	1,274,479	1,274,479	1,274,479	1,274,479	15,293,753
<b>Sub-function: Public Library</b>	197,871	197,871	197,871	197,871	197,871	197,871	197,871	197,871	197,871	197,871	197,871	197,871	2,374,449
<b>Sub Function : VR &amp; Testing</b>	372,338	372,338	372,338	372,338	372,338	372,338	372,338	372,338	372,338	372,338	372,338	372,338	4,468,059
<b>Sub Function : Solid Waste</b>													
<b>DEPARTMENT: TECHNICAL</b>	1,780,897	1,780,897	1,780,897	1,780,897	1,780,897	1,780,897	1,780,897	1,780,897	1,780,897	1,780,897	1,780,897	1,780,897	21,370,765
<b>TOTAL BY VOTE</b>	<b>6,827,800</b>	<b>6,827,800</b>	<b>6,827,800</b>	<b>6,827,800</b>	<b>6,827,800</b>	<b>6,827,800</b>	<b>6,827,800</b>	<b>6,827,800</b>	<b>6,827,800</b>	<b>6,827,800</b>	<b>6,827,800</b>	<b>6,827,800</b>	<b>81,933,597</b>



## COMPONENT 2 - MONTHLY PROJECTIONS OF CAPITAL EXPENDITURE BY VOTE

	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Year Total 2016/2017
<b>CAPITAL EXPENDITURE BY VOTE</b>													
<b>DEPARTMENT: MUNICIPAL MANAGER</b>													
<b>Vote: Governance and Administration</b>													
Function: Executive & Council	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,200,000
Sub-function: Municipal Manager	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	140,000
<b>DEPARTMENT: CORPORATE SERVICES</b>													
<b>Vote: Governance and Administration</b>													
Function: Corporate Services	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	140,000
Sub-function: Corporate Services													
<b>DEPARTMENT: BUDGET &amp; TREASURY</b>													
<b>Vote: Governance and Administration</b>													
Function: Budget & Treasury	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	140,000
Sub-function: Budget & Treasury													
<b>DEPARTMENT: PLANNING</b>													
<b>Vote: Economic and Environmental Services</b>													
Function: Development & Planning													
Sub-function: Planning & Development													
<b>DEPARTMENT: COMMUNITY SERVICES</b>													
<b>Vote: Community and Public Safety</b>													
Function: Community & Social Services	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	140,000
Sub-function: Other Community	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	100,000
Function: Library													
Sub-function: Police & Other													
<b>DEPARTMENT: TECHNICAL</b>													
Sub-function: Technical	1,438,833	1,438,833	1,438,833	1,438,833	1,438,833	1,438,833	1,438,833	1,438,833	1,438,833	1,438,833	1,438,833	1,438,833	17,266,000
<b>DEPARTMENT: LICENSING</b>													
Function: Corporate Services													
<b>TOTAL BY VOTE</b>	<b>1,593,833</b>	<b>1,593,833</b>	<b>1,593,833</b>	<b>1,593,833</b>	<b>1,593,833</b>	<b>1,593,833</b>	<b>1,593,833</b>	<b>1,593,833</b>	<b>1,593,833</b>	<b>1,593,833</b>	<b>1,593,833</b>	<b>1,593,833</b>	<b>19,126,000</b>